Gamma

STRONGER FOUNDATION

2022

Annual **Report**

Dear Shareholder

The Board of Directors is pleased to present to you the Annual Report of Gamma Civic Ltd ("Gamma" or "the Company") for the year ended 31 December 2022, the contents of which are listed hereafter.

Tommy Ah Teck
Executive Chairman

CONTENTS

dare to dream

01

WHO WE ARE

OUR ESSENCE

MISSION

Together, we will improve the quality of life through innovative leadership.

GAMMA GUIDING PRINCIPLES

- **Trust and Respect** – We earn the trust of our partners by maintaining a climate of truth and the respect of our partners through open communication and collaboration
- **Strong Value Creation** – We believe in value creation through innovation, talent and technology to conquer new frontiers
- **Loyalty and Sincerity** – We believe in strong enduring relationships, led by the principles of truth, loyalty and transparency
- **Discipline and Hard Work** – We like to lead by example and endeavour to maintain a high level of consistency, accountability, and effectiveness
- **Courage** – We have the courage to take risks in our quest to drive sustainable growth, without compromising on our performance
- **Fairness** – We abide by impartiality and a fair process in all of our decision making
- **Reputation & Dependability** – We honour our word, and take responsibility for our decisions and actions

AT A GLANCE

FINANCIAL PERFORMANCE

	2022	2021
Revenue	Rs 5,553M	Rs 4,471M
Profit before tax	Rs 545M	Rs 404M
Profit after tax	Rs 481M	Rs 360M
Market Capitalisation	Rs 5,050M	Rs 5,696M

AT A GLANCE

A DIVERSIFIED GROUP

Number of shareholders

1,625

Number of **companies**

56	9	2
Subsidiaries	Associates	Joint ventures

Number of companies listed on the **Stock Exchange of Mauritius**

2	2
Official List	DEM

% of revenue generated in Mauritius

91%

STRATEGIC

Human Capital

1,770 — Number of team members across the Group

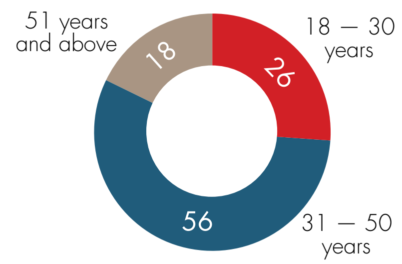
82% Male
18% Female
— % of men and women

Rs10.6M — Investment in learning and development

47% — % of employees in our employment for over 5 years

8% — % of employees in our employment for over 20 years

% of Employees by Age Group



Commitment to **sustainability** and society

Rs 32.5M
Income tax paid

20
Number of NGOs supported

Rs 6.7M
CSR contribution

2,868
Number of families impacted

GROUP STRUCTURE

Gamma

- **Contracting**
  - Gamma Construction — 100%
- **Building Materials**
  - Gamma Materials — 50%
  - Kolos Cement — 74%
  - Kolos Building Materials — 74%
  - Kolos International — 62.9%
  - Kolos Madagascar — 62.5%
- **Real Estate**
  - BR Capital — 100%
- **Lottery & Gaming Technology**
  - Lottotech — 56.1%
  - Loterie Vert — 56.1%
  - Pool Joseph Merven — 56.1%
  - LudWin Group SAS — 19.99%
- **Financial Services**
  - Gamma Treasury Management — 100%
  - Jasiri Group — 50%
- **Hospitality**
  - Morning Light — 25.1%
- **Shared Services & Others**
  - Gamma Corporate Services — 100%
  - GammaTech — 100%
- **Corporate Social Responsibility**
  - Gamma Foundation — 100%

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chian Tat (Tommy) Ah Teck, BSc, MPhil
Executive Chairman

Chian Luck (Patrice) Ah Teck, BA
Non-executive Vice Chairman

Boon Hui Chan, CFA
Independent Non-executive Director

Jack Michael Jason Ah Teck
BEng, MA
Executive Director

Jean-Claude Lam Hung
BA, FCA
Non-executive Director

Lim Sit Chen (Maurice) Lam Pak Ng
MBA
Independent Non-executive Director

Paul Halpin
B Comm, FCA
Lead Independent Director

Sui Lien (Marie Claire) Chong Ah-Yan
BA, Btech(HRM)
Non-executive Director

Twalha Dhunnoo
BA, MA, MEng, FCA
Chief Financial Officer/Executive Director

AUDITORS

Ernst & Young
Chartered Accountants
Level 6, IconEbene
Rue de L'Institut
Ebène
Mauritius

BANKERS

ABC Banking Corporation Ltd
Absa Bank (Mauritius) Limited
AfrAsia Bank Limited
Bank One Limited
BNI Madagascar
MauBank Ltd
SBM Bank (Mauritius) Ltd
SBM Madagascar
The Mauritius Commercial Bank Ltd

REGISTERED OFFICE

Royal Road
Chapman Hill
Beau Bassin
Mauritius

PRINCIPAL PLACE OF BUSINESS

4th Floor
18 Bank Street, Cybercity
Ebène 72201
Mauritius

COMPANY SECRETARY

Gamma Corporate Services Ltd
Royal Road, Chapman Hill
Beau Bassin
Mauritius

GAMMA THROUGH THE YEARS

1994

Gamma Civic Ltd was admitted to the Stock Exchange of Mauritius on 30 November 1994

2000

Completion of the construction and operation of a cement terminal through our subsidiary, Ciments de L'Ocean Indien Limitee (now known as Kolos Cement Ltd)

Opening of Hilton Mauritius Resort & Spa

2005

Gamma rebranding

2008

Addition of HSBC Centre in Ebene to the Group's Real Estate portfolio

2009

Launch of the Mauritius National Lottery by Lottotech Ltd

Construction of Barclays House in Ebene

Upgrading of Quartier Militaire Road (B6) from Wooton to Belle Rive

2011

Strategic Alliance with Ingenerie et Participations Financières, a member of Colas S.A. through Gamma Materials Ltd

Construction of Raffles Tower in Ebene

Upgrading of Dr AG Jeetoo Hospital in Port Louis into a state-of-the-art hospital

Construction of 33 luxury IRS villas including infrastructure works

2014

Listing of Lottotech Ltd on the Official List of the Stock Exchange of Mauritius

2015

Transition from a family managed company to an organisation managed by professionals

Gamma acquires 51% of Kolos Cement Ltd which became a wholly owned subsidiary

Infrastructural works for Côte d'Or Integrated/Mixed Development Project

2017

Sale of HSBC Centre

2018

Listing of Kolos Cement Ltd on the Development & Enterprise Market of the Stock Exchange of Mauritius

Strategic alliance with WH Investments Pte. Ltd, a company registered in Singapore with substantial businesses and production assets in Indonesia and Vietnam

2021

Launch of Mafonja cement in Madagascar, through Kolos Madagascar SA

2022

Strategic partnership with LudWin Group SAS, a French based company with gaming operations in various African countries

02

LEADERSHIP

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to bring to you the audited report and accounts of Gamma Civic Ltd ("Gamma" or the "Group") for the year ended 31 December 2022.

2022 was a remarkable year for the Group. We delivered solid and improved performance from our core businesses, reinforced our product offerings and market position, and further pursued our growth and diversification strategy.

The most pleasing aspect of our financial results was our top-line revenue which increased by 24% in 2022 to Rs5.6 billion which represents the highest figure ever reported by the Group. It is one of the clear measures of the strength of the Gamma franchise and the discipline and hard work of everyone involved. Total comprehensive income amounting to Rs514 million increased by 32% from the prior year whilst earnings per share increased by 37% to Rs3.10. Dividend per share paid during the year increased to Rs2.00, representing a dividend yield of above 5%.

All above indicators are highly commendable and the results of our efforts in taking steps and actions to raise the floor of our financial returns and drive performance.

The above achievement is all the more remarkable because 2022 was, by any standard, a challenging year, geopolitically complex and economically more volatile and uncertain. On an international level, the world faced a combination of war in Ukraine, higher levels of inflation through ongoing disruptions in supply chains, volatile energy prices, and rising interest rates. In Mauritius and Madagascar, our two main markets, the above macroeconomic factors were further exacerbated by the continuing depreciation of the local currencies, tightening liquidity and monetary policies, and highly price-sensitive market dynamics which directly impacted our operations.

Economic conditions are expected to remain challenging in 2023. But our 2022 performance gives me the confidence that we will continue to deliver to your expectations. As a Group, we are committed to the execution of our strategy, to capitalize on our strengths and mobilise efforts and resources to continue in our mission to maximise shareholder returns.

OUR STRATEGY

Our strategy is coined on three key themes: 1. Protect; 2. Harvest; and 3. Growth. These themes capture our overarching objective of preserving, realising, and creating shareholder value in everything that we do. In these accounts, we will report on our strategy execution during 2022 which you will see is a reflection of our purpose.

In April 2022, we concluded a strategic investment in LudWin Group SAS ("LudWin"), a French headquartered group with multiple operations in Africa and with a track record of delivering technology and distribution infrastructure to gaming operators. LudWin had recently signed a milestone framework agreement with a major international leading name in the gaming industry for launch in new countries. Our investment in LudWin is well positioned within the portfolio of Gamma to catalyse our expansion strategy in a sector where the Group has existing synergies, to increase our geographical footprints in important markets, and to deliver strong value creation to shareholders.

I have expressed in previous statements that real estate development will be an important driver of growth and profitability underpinned by our credentials and track records, our know-how of the industry and our vertically integrated organisational structure. This was apparent in our 2022 results; firstly, the pre-contracted sale of seven property units in early 2022 for Rs180 million allowed us to recognise Rs48 million of additional profit in 2021. The partial re-investment of the sale proceeds in our first ultra-luxury residential development in the north of Mauritius allowed for incremental profitability of Rs126 million in 2022, which accounted for 26% of overall profit after tax. Our execution in real estate will be key to create the quantum leap in growing profitability and maximising liquidity.

Our core businesses delivered solid and better performances during the year demonstrating once again, the reputation and dependability of Gamma's businesses. Group operating profit amounting to Rs347 million was higher by 18% whilst contribution from joint ventures and associates of Rs226 million increased by 56%. We achieved these results despite the impact of certain external events; in Madagascar where we now have a market presence, we consolidated net losses as a result of market forces which I highlighted earlier; and in Contracting, we took the prudent approach to recognise an impairment provision of Rs51 million on one contract. I am however pleased that through responsible risk management, we are already implementing remediation strategies to mitigate these risks and advance the business of the Group forward with courage and determination.

When I look at our performance, our approach to execution, our people, and our track record, I am confident that we are now well set to execute our ambitious plans. We have committed ourselves to important values and guiding principles in our business model and we shall continue to be the stewards of the trust and respect of all stakeholders.

SUSTAINABILITY

As an important economic operator, we place high importance on achieving positive outcomes for all stakeholders. We do this by acting responsibly and by making decisions with fairness to promote the longer-term value of the Group.

The current environment characterised by high inflation has created serious economic strains on many industries. By connecting our experience as a vertically organised Group which manages complex supply chains, and with an international benchmark in all our operations, we will work with all authorities to overcome the current challenges we are facing. Gamma as a leading organisation is a key part of the future – part of the solution, not the problem.

All of our businesses have leadership position in their respective industries. Our governance and risk management, as well as our strong partnership strategy, are critical components of our business model. These characteristics are difficult for market incumbents to imitate or copy; and they are increasingly important, particularly in uncertain times.

We will continue to play our role in stimulating sustainable growth and development, with the objective of creating economic prosperity to reach all layers of the population. We have always upheld the highest standards in the way we do business, and we are committed to empowering people and communities through our products and services and our various community initiatives.

PEOPLE

An essential success factor for us remains our people. We could never have anticipated the challenges we have faced since the onset of Covid, and yet our people met them all with loyalty and sincerity, hard work, and a steadfast resolution for a better outcome. I am grateful to call each one of our staff as colleague.

An important part of our strategy is to fully leverage our human capital. We are implementing retention and development strategies and this will enable us to build a strong pipeline of talent for future generations of Gamma. I have the strongest support of everyone on my board to recruit, develop, and promote the best talent, and that Gamma be recognised as an employer of choice. The future of Gamma depends on this.

> We are focused on creating value for our shareholders in the right way, and I am confident if we stay true to our guiding principles, the best days for Gamma are ahead of us. ”

OUTLOOK AND APPRECIATION

As I look to the future, businesses are facing profound changes impacted by market uncertainties, technological disruptions and environmental considerations. We have dealt with changes successfully in the past, and we shall do so again. Having a strong foundation for our strategy and an execution that leverages our strengths are paramount, as it is having the right team to make it happen.

We are focused on creating value for our shareholders in the right way, and I am confident if we stay true to our guiding principles, the best days for Gamma are ahead of us.

I am grateful and privileged to be the Chairman of a board with skilled, expert, and independent directors and with the governance which ensures that we implement our strategy while controlling risks.

I am equally fortunate to be surrounded by the executive leadership team of Gamma Civic; Twalha Dhunnoo, Group Chief Financial Officer; Jason Ah Teck, Corporate Affairs Executive and the entire professional senior management team of our business lines; each one of us focused and driven in enabling the success of the Group.

Tommy Ah Teck
Executive Chairman

REPORT OF GROUP CHIEF FINANCIAL OFFICER

INTRODUCTION

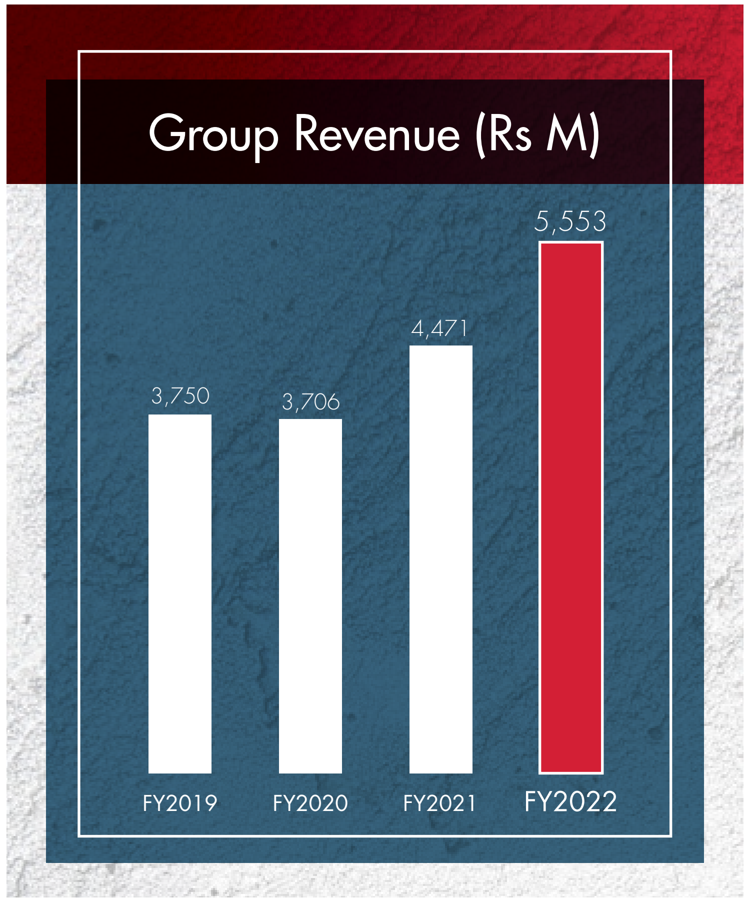
2022 was another remarkable year for Gamma Civic with the Group generating record revenue of Rs5.6 billion following solid performances from all core businesses whilst at the same time pursuing a strategy of growth, expansion, and diversification.

This performance is even more remarkable given the challenging market and economic environment in which we operate characterised by sharply tightening monetary policies, rising inflation rates driven by costs of food and energy, and the impact of supply chain disruptions. In addition, the depreciation of local currencies in our key markets and the unavailability of foreign currencies add further inflationary pressures on important commodities and raw materials which are integral to our value chains. These difficult economic conditions gave rise to specific risks which impacted our results.

In February 2023, authorities in Mauritius announced price control on cement, a significant part of the output and revenue of the Group, and this will add further constraints on margins and cost management. We are closely monitoring the situation and taking such measures to protect the interests of the Group.

FINANCIAL OVERVIEW

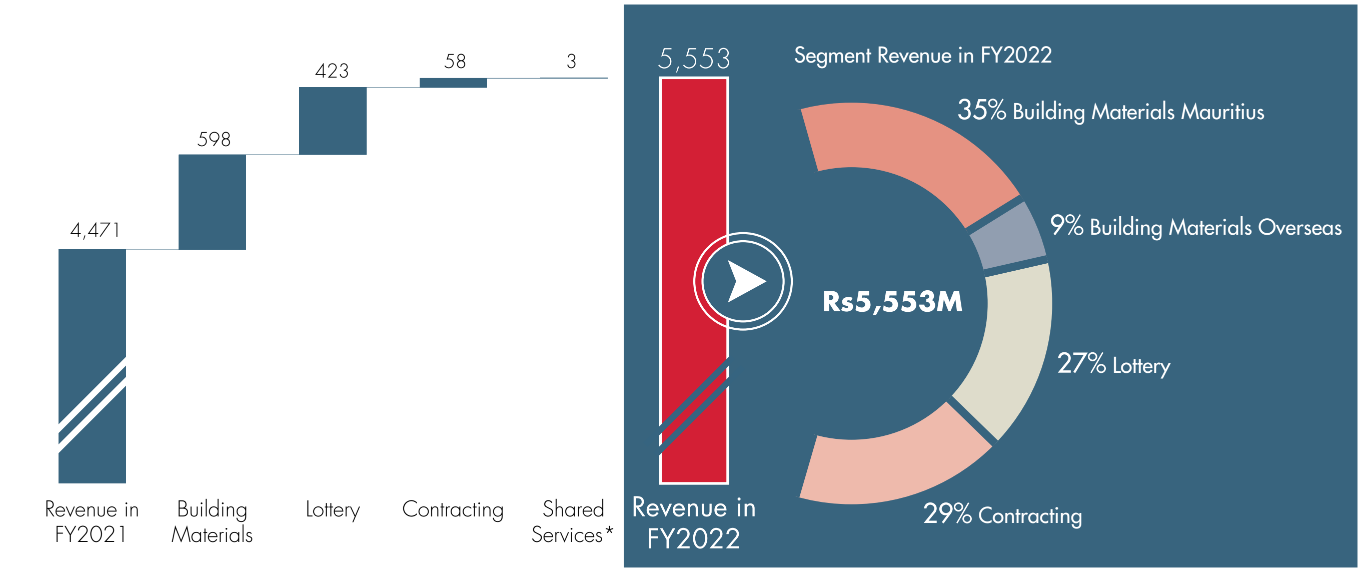
Revenue of Rs 5.6 billion for 2022 is the highest annualised figure recorded by the Group, a 24% increase compared to 2021 and a 48% increase compared to the pre-pandemic year 2019. The increase in revenue from 2021 was reported across all segments; explained by an uninterrupted year of operations compared to 2021[1], higher contribution from the overseas expansion of our Building Materials segment, and improved performance from our Lottery segment.



[1] *To help manage cases of local Covid-19 infection, the Government of Mauritius imposed national lockdown between 20 March and 15 May 2020, and a second national lockdown between 10 and 31 March 2021, followed by phased re-openings of specific business activities thereafter.*

Below is a graphical breakdown of the segmental increases in revenue from the prior year.

Group Revenue Rs M (FY21 v/s FY22)

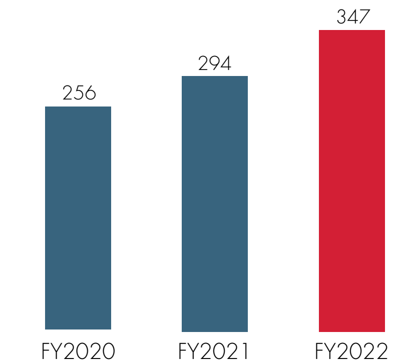


* Net of group eliminations

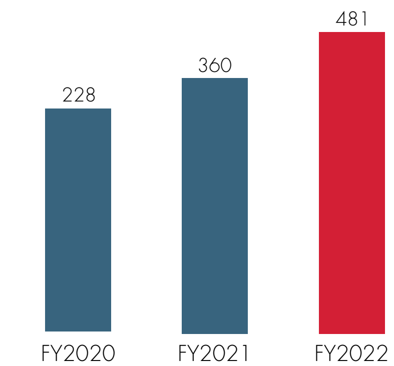
> Revenue of Rs 5.6 billion for 2022 is the highest annualised figure recorded by the Group, a 24% increase compared to 2021 and a 48% increase compared to the pre-pandemic year 2019.

Profit after tax amounted to Rs 481 million in 2022, an increase of **34%** from the prior year whilst **Total Comprehensive Income** was Rs 514 million, an increase of **32%**.

Group Operating Profit (Rs M)



Group PAT (Rs M)



REPORT OF GROUP CHIEF FINANCIAL OFFICER continued

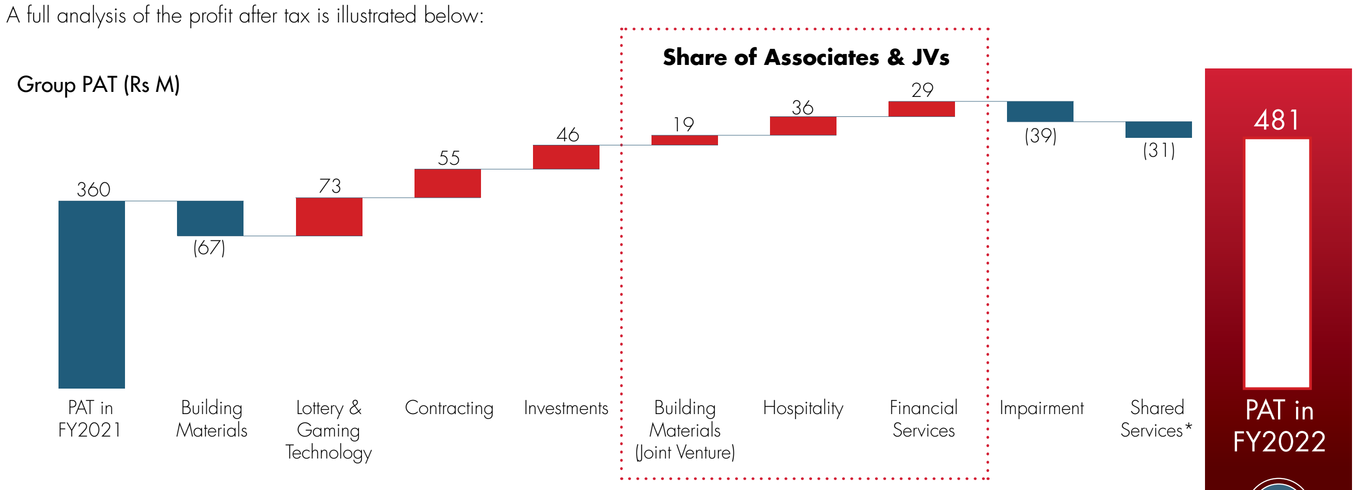
Operating profit increased to Rs347 million and demonstrate the strength and resilience of the Group's franchise and business model which allowed us to overcome the impact of specific risk events.

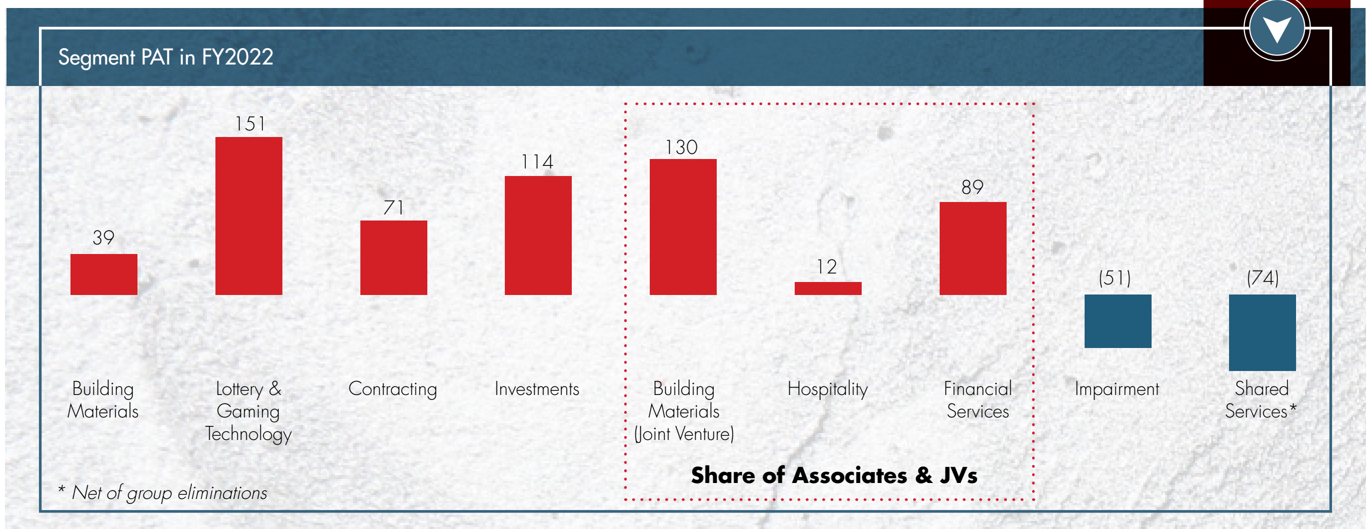
We maintained course in our strategy to grow the Building Materials segment geographically despite difficult economic and market conditions. This segment posted a net profit of Rs39 million in 2022 even after consolidating losses from its international operations. Our Contracting segment reported a net profit of Rs20 million after accounting for impairment provisions of Rs51 million on one contract asset where cashflows were directly impacted by Covid-related financial risks.

Share of "Associates and Joint Ventures" increased to Rs230 million[2]; higher by 55% from last year and representing almost half of the overall profit after tax.

The Group also benefited from fair value gains of Rs126 million on investment properties, following the successful launch and achievement of a luxury residential development project in the north of Mauritius.

A full analysis of the profit after tax is illustrated below:





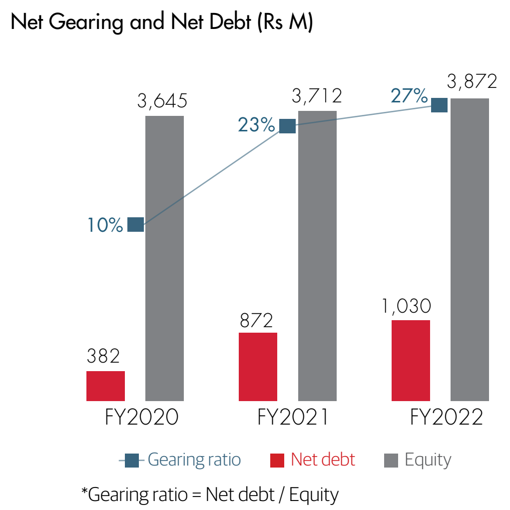
STRONG CASHFLOW WITH A "REAFFIRMED AA" CREDIT RATING

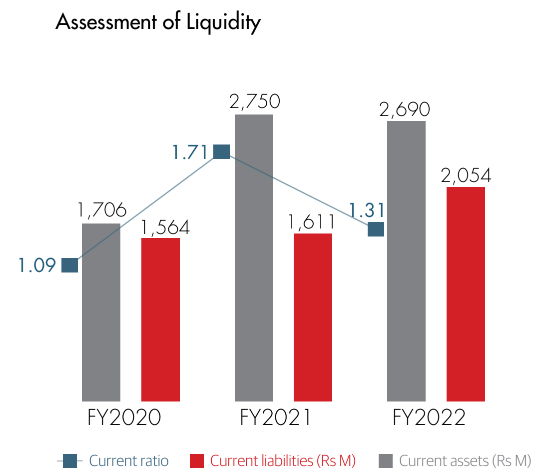
Cash and cash equivalents remain strong with a net consolidated figure of Rs1.1 billion[3], consistent with the prior period. The effective optimisation of cashflow centres around a disciplined treasury and financial management of liquidity, funding, foreign currency, and interest rate risks. This approach to balance sheet management is vital, specially in current uncertain market conditions, to allow for undisrupted operations when the Group has critical foreign currency and working capital requirements.

In line with best practice, the Group diversified into high-quality government and strong-rated corporate instruments (both local and foreign) to optimise returns. Net gearing increased from 23% to 27%, and current ratio decreased to 1.31 from 1.71 resulting from the deployment of working capital and banking facilities for new cement trading operations in Madagascar. On the funding side, the balance sheet is adequately hedged with 46% long-term debt priced at a fixed rate of 4.3% (weighted-average). The AA credit rating [CARE MAU AA- Stable] of Gamma Civic was reaffirmed in 2022; a positive independent assessment of the above and the strong cash and dividends flow.

[2] *The variance between the reported share of 'Associates and Joint Ventures' and the amount disclosed in the Statement of Profit or Loss is attributable to the inclusion of LudWin's losses, totalling Rs3 million, within the Lottery & Gaming Technology cluster in this report. Management considers LudWin's acquisition as an integral part of its Lottery and Gaming strategy, and therefore, its performance is analysed within this cluster.*

[3] *For IFRS reporting purposes, this amount excludes cash balances held in joint ventures and associates.*





Rs 'M		BUILDING MATERIALS	CONTRACTING	LOTTERY & GAMING TECHNOLOGY*	INVESTMENTS	FINANCIAL SERVICES*	HOSPITALITY*	OTHERS	GROUP REVENUE
REVENUE	FY 2022	2,432	1,605	1,479	7	294	581	31	5,553
	FY 2021	1,834	1,547	1,056	19	179	146	15	4,471
PROFIT/(LOSS) AFTER TAX**	FY 2022	169	20	151	114	89	12	(74)	481
	FY 2021	218	4	78	68	60	(24)	(45)	360

** Revenue from Gaming Technology, Financial Services and Hospitality sectors are not included in Group Revenue in line with accounting requirements*

*** Includes Share of Associates and JVs*

BUSINESS PERFORMANCE

Building Materials

The Group is present in Building Materials through Kolos Cement Ltd group of companies (subsidiaries of Gamma Group) and Gamma Materials Ltd, a 50% joint venture with Ingénierie et Participations Financières, a fully owned subsidiary of Colas S.A.

Kolos Cement Ltd, involved in the importation and distribution of cement, reported revenue of Rs2.4 billion, an increase of 33% against the prior year mainly from the incremental contribution of Rs490 million from operations in Madagascar, a new market of the Group. Operating results were adversely impacted by the increased cost of freights, raw materials, and price-sensitive market and competitive forces. Profit after tax reduced from Rs106 million in 2021 to Rs39 million in 2022.

Gamma Materials Ltd – The Group's share of profit remains significant and important amounting to Rs130 million (2021: Rs111 million). This increase was attributable to better activity and operational performance during the year and the solid fundamentals of this business line.

Lottery & Gaming Technology

The Group is present in this segment through Lottotech Ltd, a 56.1% subsidiary and LudWin Group SAS, a 19.99% joint venture. Lottotech Ltd in turn owns 100% of Loterie Vert Ltd and Pool Joseph Merven Ltd.

Lottotech and subsidiaries performed strongly in 2022 with revenue of Rs1.5 billion, a 40% increase from 2021, and profit after tax of Rs154 million, increased by 93% from 2021. These results are attributed to a full year of operations and higher jackpot rollovers.

LudWin Group SAS is a new investment of the Group in 2022 as part of our growth and diversification strategy into new products and markets. Share of losses amounting to Rs3 million was included within the reported profit after tax for this cluster.

Contracting

The Group is present in Contracting through Gamma Construction Ltd, a wholly-owned subsidiary. Revenue in Contracting increased to reach Rs1.6 billion in 2022, attributable to a full year of operations and the successful completion of important public and building projects. Importantly, the segment reported a net profit of Rs20 million, a five-fold increase compared to 2021 despite the adverse impact of impairment provisions.

Investments

Revenue decreased to Rs7 million following the sale of seven property units in 2022. Importantly, profit after tax increased to reach Rs114 million (2021: Rs68 million) following the fair value gain from the successful launch of a residential development project in the north of Mauritius.

Hospitality

The Group's investment in Hilton Mauritius Resort & Spa is through Morning Light Co. Ltd, an associate entity, which reported profitable results in 2022 benefiting from the recovery of the hospitality industry. Revenue for the year amounted to Rs581 million (2021: Rs146 million) and net profit was Rs47 million (2021: losses of Rs95 million).

Financial Services

The Group is present in Financial Services through a 50% investment in Jasiri Investment Ltd, which is engaged, through its subsidiaries, in re-insurance brokering in Mauritius and Africa. The investment contributed positively to the overall profitability of the Group with a share of profit amounting to Rs89 million in 2022, a 48% increase from 2021.

REPORT OF GROUP CHIEF FINANCIAL OFFICER continued

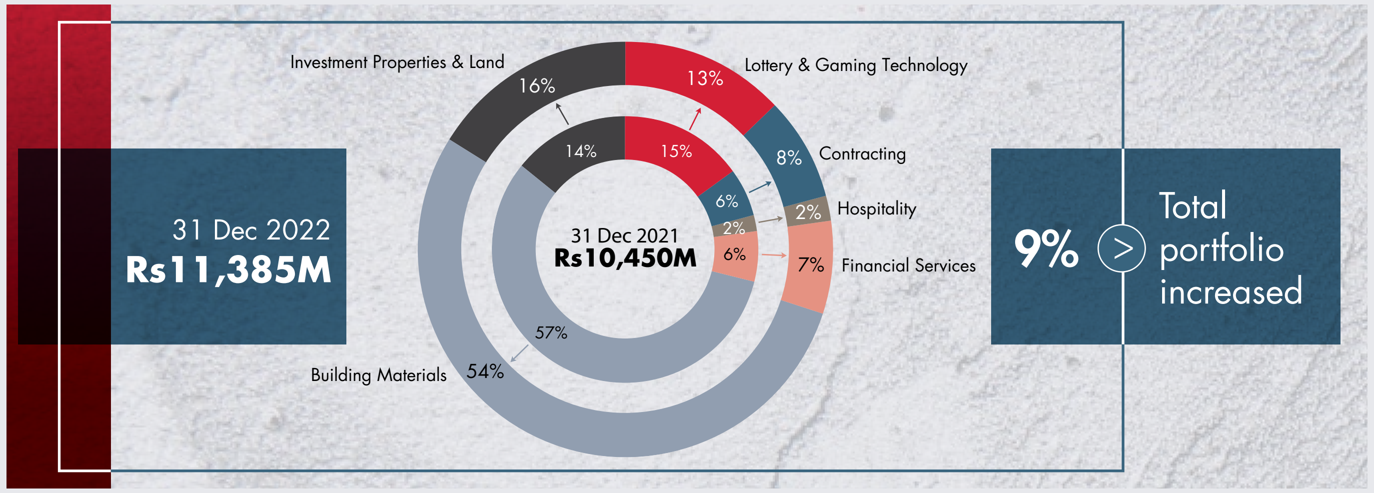
GROUP STATEMENT OF FINANCIAL POSITION

GROUP	2022 Rs 'M	2021 Rs 'M
ASSETS		
NON-CURRENT ASSETS		
Property, Plant and Equipment	1,486	1,489
Intangible Assets	902	886
Investments in Associates and Joint Venture	1,046	842
Investment Properties	1,479	1,243
Financial Assets at Fair Value through profit or loss	142	–
Deferred Tax Assets	48	22
Contract Assets	46	48
Non-Current Receivables	7	8
	5,156	4,538
CURRENT ASSETS		
Inventories and Receivables	798	861
Contract Assets	625	589
Other Financial Assets	150	–
Current Tax Assets	1	8
Cash and Cash Equivalents	1,116	1,125
	2,690	2,583
Assets classified as held for sale	–	167
Total Current Assets	2,690	2,750
TOTAL ASSETS	7,846	7,288
Equity Attributable To Owners Of The Company	3,689	3,521
Non-Controlling Interests	183	191
TOTAL EQUITY	3,872	3,712
NON-CURRENT LIABILITIES	1,920	1,965
CURRENT LIABILITIES	2,054	1,611
TOTAL LIABILITIES	3,974	3,576
TOTAL EQUITY AND LIABILITIES	7,846	7,288

Total assets increased by Rs560 million to Rs7.8 billion at 31 December 2022, a result of the growth and expansion strategy of the Group's activities and to maintain sufficient working capital for the active pipeline of contracts. The following components of the balance sheet are worth noting:

1. **Investment Properties & Land** representing 23% of total assets amounted to Rs1.8 billion. The increase from the prior year is primarily the fair value gain following the successful completion of a luxury residential development project. Investment Properties & Land represents a strategic component of our balance sheet providing the asset base for future real estate development to grow revenue, profitability, and cashflow.
2. **Cash and Cash Equivalents and Other Financial Assets** representing 14% of total assets and amounting to Rs1.3 billion at 31 December 2022. The strong cash balance, consistent with the prior year, is our conscious effort to optimise liquidity in order that we are able to pre-fund new business opportunities as well as the investments within our current portfolio.
3. **Investments in Associates and JVs** representing 13% of total assets of Rs1.0 billion at 31 December 2022, increased by 24% in part due to the recognition of Rs73 million following the investment in LudWin Group SAS as described below.
4. **Inventories, Receivables and Contract Assets** remained consistent with prior year at Rs1.4 billion, comprising a mix of contracts and contracting assets at the year-end and from the higher inventories balance needed to ensure continuity of supply for our cement operations.
5. **Property, Plant and Equipment (excluding land)** is also consistent with prior year at Rs1.2 billion consisting mainly of buildings, plant and machinery and rights of use assets as part of the operational requirements of the Group.

INVESTMENT PORTFOLIO OVERVIEW



Investment portfolio measured at market or adjusted enterprise value

The total portfolio increased by 9% over the last year mainly due to the strong underlying share price performance of Kolos Cement Ltd, increase in our investment properties and land, and new investment in LudWin. Building Materials remain the largest constituent of the Group portfolio, representing 54% of total investment.

Listed Investments	No of shares held at 31 Dec 2021 (in million)	Share price 31 Dec 2021 (Rs)	Share price 31 Dec 2022 (Rs)	Market value at 31 Dec 2021 (Rs 'M)	Market value at 31 Dec 2022 (Rs 'M)	Gain / (Drop) in portfolio (Rs 'M)	% Gain / (loss)
Lottotech Ltd	191	8.20	7.70	1,570	1,470	(100)	(6%)
Kolos cement Ltd	20	210.00	217.00	4,200	4,340	140	3%
Morning Light Co. Ltd	12	21.90	18.50	250	215	(35)	(14%)
Investment Properties & Land	n/a	n/a	n/a	1,510	1,780	270	18%

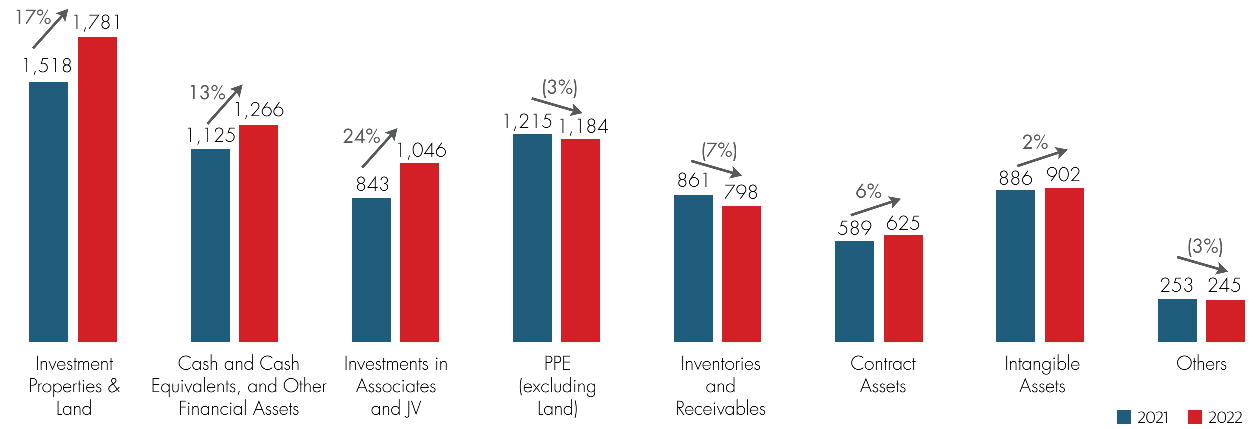
Unquoted investments are included for completeness and measured indicatively at enterprise values which are based on multiples of normalised EBITDA.

The evolution of the balance sheet is a reflection of the Group's strategy in implementation to drive better financial performance in future years.

In April 2022, the Group completed its investment in LudWin Group SAS, a French-based company, through an equity subscription for EUR 1.5 million representing a 19.99% ownership. This is reported in Investment in Associates and Joint Ventures. The investment also included convertible bonds of Rs142 million recorded as Financial Assets at fair value through profit or loss.

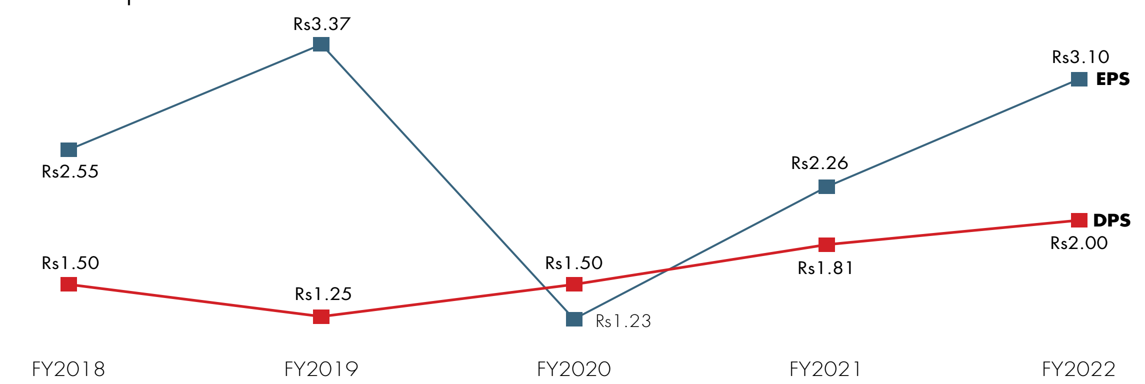
MAJOR COMPONENTS OF ASSETS

Breakdown of Group Assets (Rs M)



INVESTOR PERFORMANCE

Earnings and Dividend per Share



Twalha Dhunnoo
Group Chief Financial Officer

BOARD OF DIRECTORS

TOMMY AH TECK

Executive Chairman

Appointed: 28 Oct 1988

Executive Chairman: Apr 2020

Age: 61

Skills and expertise:

- Managing Director of Gamma from 1987, until his appointment as Group CEO in 2011.
- Since 2015, he became a non-executive director of the Board, and Vice Chairman of the Company
- On the demise of the late Carl Ah Teck, he was appointed as the Executive Chairman

Qualifications:

- BSC (Hons) Engineering
- MPhil Mechanical Engineering

Committees:

- Corporate Governance Committee

Other listed directorship:

- Lottotech Ltd
- Kolos Cement Ltd
- Morning Light Co. Ltd

Citizen and Resident of Mauritius

PATRICE AH TECK

Vice-Chairman & Non-Executive Director

Appointed: 29 Dec 2000

Vice Chairman: Aug 2020

Age: 56

Skills and expertise:

- Joined Gamma Group in 1993, and was appointed as Sales and Marketing Director in 2000
- Since 2015, he is no longer an executive director, and is a member of the Board in a non-executive capacity
- Appointed as Vice Chairman of the Company in Aug 2020

Qualifications:

- BA (Hons) Accounting & Finance

Committees:

- Corporate Governance Committee

Other listed directorship:

- Lottotech Ltd
- Kolos Cement Ltd
- Morning Light Co. Ltd

Citizen and Resident of Mauritius

MARIE CLAIRE CHONG AH-YAN

Non-Executive Director

Appointed: 27 Sep 2012

Age: 62

Skills and expertise:

- Head of HR at Gamma Group since 2000, and appointed as HR Director of Gamma Civic Ltd in 2012
- Co-Trustee of Gamma Foundation, which coordinates all CSR projects for the Group
- With the FT NED Diploma, she has an in-depth understanding of board's effectiveness and acquired the required soft skills and boardroom behaviour

Qualifications:

- Bachelor degree in Arts
- Bachelor degree in Human Resources Management
- FT Non-Executive Director Diploma

Committees:

- Corporate Governance Committee

Other listed directorship:

- Lottotech Ltd
- Kolos Cement Ltd
- Morning Light Co. Ltd

Citizen and Resident of Mauritius

BOON HUI CHAN

Independent Non-Executive Director

Appointed: 17 Jun 2014

Age: 55

Skills and expertise:

- Founder and managing director of Chancery Capital, a boutique private equity & corporate advisory practice
- Over 18 years of investment banking experience with OCBC, BNP Paribas, and Rothschild Group in Singapore and New York

Qualifications:

- MA (Hons) Law
- Chartered Financial Analyst

Committees:

- Audit & Risk Committee
- Corporate Governance Committee

Other listed directorship:

- JCY International Berhad (Malaysia)
- Hiap Hoe Ltd (Singapore)

Citizen and Resident of Singapore

MAURICE LAM PAK NG

Independent Non-Executive Director

Appointed: 17 June 2014

Age: 76

Skills and expertise:

- Founding partner of Stewardship Consulting Pte. Ltd., Singapore, boutique consulting firm advising Enterprising Families in Family Governance and Strategy.
- Mentor /advisor to entrepreneurs in technology start-ups.
- Extensive prior work experience in investment banking advising clients in financial strategy, investment management, treasury and risk management.

Qualifications:

- MBA

Committees:

- Audit & Risk Committee
- Corporate Governance Committee (Chairman)

Other listed directorship:

- None

Citizen of Mauritius and Resident of Singapore

PAUL HALPIN

Lead Independent Director

Appointed: 17 June 2014

Age: 64

Skills and expertise:

- Deep understanding of Gamma Group applying considerable commercial and strategic acumen
- Significant current international experience as a Non-Executive Director and board-level advisor
- Indepth experience in Corporate Governance, International Business, Corporate Transactions, Strategy Development and Risk Management
- Former Partner at PwC Johannesburg, London and Dublin
- Holds Non Executive Directorships in FinTech, construction, lottery, real estate, private equity and TravelTech sectors

Qualifications:

- B.Comm FCA
- Fellow of the Institute of Chartered Accountants in Ireland

Committees:

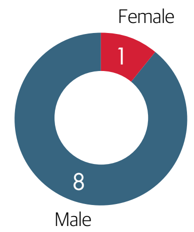
- Audit & Risk Committee (Chairman)

Other listed directorships:

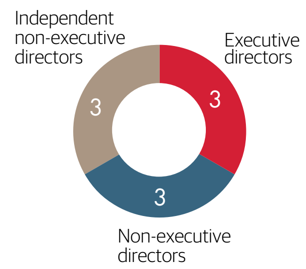
- Lottotech Ltd
- Kolos Cement Ltd
- MakeMyTrip Ltd (Nasdaq)

Citizen of Ireland and Resident of Mauritius

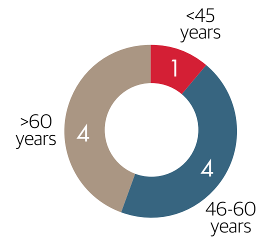
Board demographics



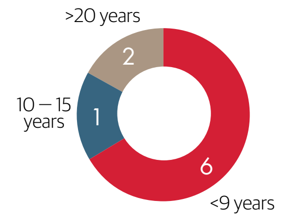
Board composition



Diversity ages



Tenure of directors



BOARD OF DIRECTORS

JEAN-CLAUDE LAM HUNG
Non-Executive Director

Appointed: 1 Jan 2017
Age: 48

Skills and expertise:
- Currently Chief Executive of CG Re (Africa) Ltd, a reinsurance broker
- Held the position of Group CFO of Gamma Civic Ltd between 2012-2015
- Prior to Gamma, he worked in London, qualifying as a Chartered Accountant with EY, and assumed senior manager and director roles at Deloitte and BDO respectively. In 2009, appointed as partner at Mazars LLP

Qualifications:
- BA (Hons) Business Studies
- Fellow of the Institute of Chartered Accountants in England and Wales

Committees:
- Audit & Risk Committee

Other listed directorship:
- Lottotech Ltd

Citizen and Resident of Mauritius

TWALHA DHUNNOO
Executive Director & Group CFO

Appointed: 26 May 2017
Age: 47

Skills and expertise:
- Appointed as Group CFO and Executive Director of Gamma Civic Ltd in 2017.
- Prior to Gamma, he worked in London at EY, Mellon Bank and Deutsche Bank between 1998 and 2007.
- Since 2011, he became CFO and Executive Director of Gatehouse Bank Plc, a deposit-taking bank based in London

Qualifications:
- MEng Electrical and Information Sciences
- Fellow of the Institute of Chartered Accountants in England and Wales

Committees:
- None

Other listed directorship:
- Kolos Cement Ltd
- Morning Light Co. Ltd

Citizen and Resident of Mauritius

JASON AH TECK
Executive Director

Appointed: 20 Apr 2020
Age: 29

Skills and expertise:
- Joined Gamma as Corporate Affairs Executive in 2019
- Prior to Gamma, he was a strategy consultant at KPMG's Global Strategy in London, where he focussed on growth strategy and data analytics for multinational corporations

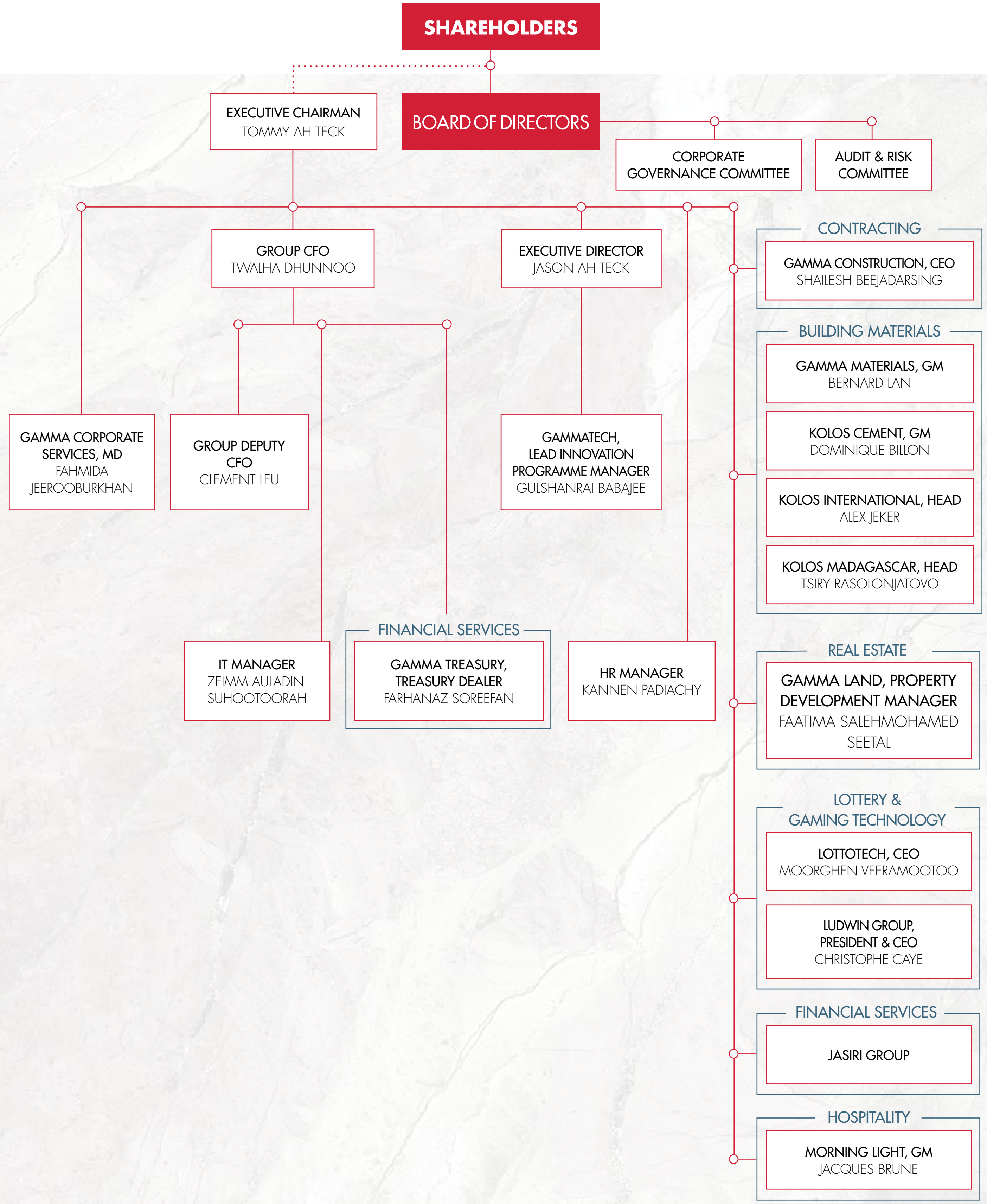
Qualifications:
- BEng Materials Engineering with Management
- Masters in Management

Committees:
- None

Other listed directorship:
- Lottotech Ltd
- Kolos Cement Ltd
- Morning Light Co. Ltd

Citizen and Resident of Mauritius

ORGANISATION STRUCTURE
as at 12 April 2023



EXECUTIVE TEAM

1. **Tommy Ah Teck**, Executive Chairman
   Refer to "Board of Directors", page 22

2. **Twalha Dhunnoo**, Group CFO and Executive Director
   Refer to "Board of Directors", page 24

3. **Jason Ah Teck**, Executive Director
   Refer to "Board of Directors", page 24

4. **Clement Leu San**, Deputy Group CFO
   Appointed: 1 Oct 2019

   Skills and Expertise:
   - Over 30 years of experience in the finance & accounting field
   - Spent 4 years at Kemp Chatteris Deloitte and left as audit supervisor in 1996
   - Joined Gamma Group in 1996 as accountant
   - Promoted to Group Financial Controller in 1999
   - Promoted to Deputy Group CFO in 2019

   Qualifications:
   - Fellow member of the Association of Chartered Certified Accountants

5. **Fahmida Jeerooburkhan**, Gamma Corporate Services Ltd, Managing Director
   Appointed: 2015

   Skills and Expertise:
   - Joined Gamma Civic Ltd as In-house Lawyer in July 1999
   - Prior to Gamma, she worked in the Chambers of Sir Hamid Moollan QC in a private practice, before serving as a District Magistrate
   - In October 2019, Fahmida was awarded the FT NED Diploma (Financial Times Non-Executive Director Diploma)

   Qualifications:
   - DEUG in law
   - LLB (Hons)
   - FT NED Diploma
   - MIT Executive Program on Digital Business Strategy

6. **Shailesh Beejadarsing**, Gamma Construction Ltd, CEO
   Appointed: 2018

   Skills and Expertise:
   - Joined Gamma as a Management Trainee and worked his way up to Contracts Manager at Gamma Civic
   - Prior to re-joining Gamma Civic in 2013 as Chief Projects Officer, he worked as Contracts Manager for Rehm-Grinaker Construction Company Ltd.
   - He was transferred to Gamma Construction Ltd on 1st May 2015 as the Deputy CEO

   Qualifications:
   - MEng in Civil Engineering

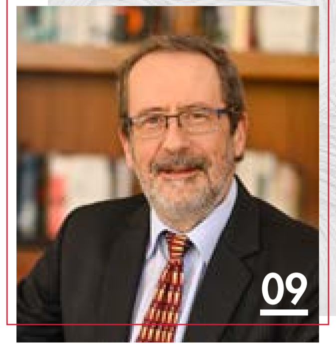
7. **Ravi Gutty**, Gamma Construction Ltd, Deputy CEO
   Appointed: 2018

   Skills and Expertise:
   - Joined Gamma as a site engineer and has since made his way to Deputy CEO
   - Has previously worked as Head of Department in major civil and infrastructure projects with Gamma
   - He is a fellow member Institute of Engineers Mauritius and registered with the Council of Registered Professional Engineers of Mauritius since 2014
   - He is currently President of the Building And Civil Engineering Contractors Association

   Qualifications:
   - Masters in Civil Engineering, Grande Ecole d'Ingénieur, I.N.S.A. Lyon, France

8. **Bernard Lan**, Gamma Materials Ltd, General Manager
   Appointed: 2021

   Skills and Expertise:
   - Joined Gamma Civic Ltd as IT Manager in 1998, and has successfully held various positions with key responsibilities



in different business units namely Plant and Workshop, Ready Mix Concrete, and Stone Crushing

   - He joined the cement cluster of the Gamma Group to help Kolos Cement Ltd develop regionally, as well as achieve its ambitions locally

   Qualifications:
   - BSc (Hons) Computing with Business (UK)

9. **Dominique Billon**, Kolos Cement Ltd, General Manager
   Appointed: 2014

   Skills and Expertise:
   - From 1985 to 1991, he was working with Coopers & Lybrand, Paris, France.
   - Prior to Gamma, he worked with the Holcim Group, where he occupied several positions

   Qualifications:
   - School of Management Sup de Co Poitiers (France)

10. **Alexandre Jeker Hernandez**, Kolos International Ltd, Head
    Appointed: 2021

    Skills and Expertise:
    - In 2001 Alexandre started his career at Holcim in Switzerland and held various international positions being the last one Managing Director of Holcim Mauritius, now Kolos Cement.
    - In 2014 he started his own consulting company working for several international cement and construction companies as well as for private equity firms on business development and M&A projects within the cement industry. He has also worked for an international cement trading company as Senior Trader responsible for the East Africa / Indian Ocean region.
    - Since 2021, Alexandre is the Head of Kolos International.

    Qualifications
    - Mechanical Engineering, ETH Zurich (Switzerland)
    - MBA, Instituto de Empresa (Spain)

11. **Tsiry Rasolonjatovo** Kolos Madagascar SA, Head
    Appointed: 2021

    Skills and Expertise:
    - Over 27 years of experience in the cement sector
    - Has previously worked for Holcim in various positions in several countries: Madagascar, Guinea, Côte d'Ivoire and Mauritius
    - His most recent being that of director of operations of Lafarge Holcim Mayotte and Comoros

    Qualifications:
    - DEUG Science de la Gestion Business Administration and Management (Université Antananarivo)
    - Graduate in Sales Technics Degree (ISCAM)

12. **Moorghen Veeramootoo**, Lottotech Ltd, Chief Executive Officer
    Appointed: 2023

    Skills and Expertise:
    - 1998 - 1999: Strategic Planning Manager at Cread & Co. Ltd
    - 1999 - 2004: Marketing Manager at Happy World Foods Ltd (now Innodis Ltd)
    - 2004 - 2009: Marketing & Sales Manager and Business Unit Manager at Gamma Civic Ltd
    - 2009 to date: Deputy General Manager/COO at Lottotech Ltd. Appointed as Managing Director in 2019 and took on the position of CEO as from April 2023
    - He is an INSEAD Alum having attended a number of Executive programmes, including one at the National University of Singapore.

    Qualifications:
    - MA Marketing
    - BSc Eng in European Business & Technology
    - DUT

EXECUTIVE TEAM continued

13. **Shaun Kim Tiam Fook Chong**, Lottotech Ltd, Deputy Chief Executive Officer
Appointed: 2023

Skills and Expertise:

- From 2005 to 2012: Audit Manager with Harold Everett Wreford LLP (London, UK)
- 2013: Senior Financial Accountant at Aspen Global Incorporated
- From 2014 to 2019: CFO at Kolos Cement Ltd
- October 2019 – May 2020: Group Deputy CFO - Financial Management & Analysis at Gamma Civic Ltd
- June 2020 – March 2023: CFO at Lottotech Ltd and appointed as Deputy CEO in April 2023
- He attended an executive management programme at INSEAD in 2018

Qualifications:

- BA in Accounting and Finance
- FCA (ICAEW)

14. **Christophe Caye**
LudWin Group SAS, Président & CEO
Appointed: 2022

Skills and Expertise:

- 1988 – 1992: Marketing Manager at Eurocopter
- 1992 – 1994: Product Marketing Manager at Internationale des Jeux (a division of La Française des Jeux). Appointed as Sales & Marketing Director, International, in 1994.
- 1995 – 2001: Director of Business Development at GTECH Corporation (today known as IGT). Appointed as CEO of the group's French and Italian subsidiaries in 1999
- 2001 – 2007: Vice President, EMEA Racing Division, of Autotote
- 2008 to date: Co-founded LudWin Group SAS which provides gaming technology to licensed gaming operators in African countries.

Qualifications:

- Master's degree (Institut Supérieur de Commerce de Paris)

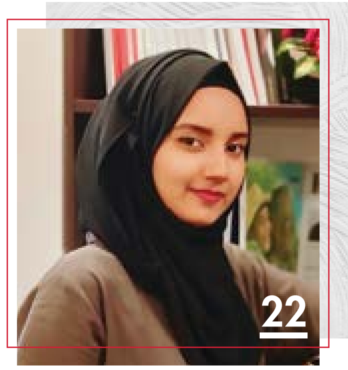
15. **Jacques Brune**
Morning Light Co Ltd (Hilton Mauritius Resort & Spa), General Manager
Appointed: 2016

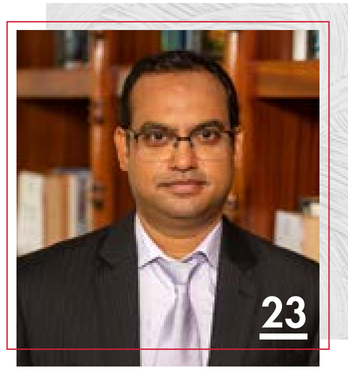
Skills and Expertise:

- He joined the Hilton Group in 1991 and has over 30 years' experience in the Company
- Throughout his career, he has held the positions of F&B Manager and Director of operations, working at The Hilton Paris, The Hilton Charles de Gaulle and The Noga Hilton, Cannes
- In 2005, he took his first assignment as General Manager in Sofia, Bulgaria, followed by Ankara in Turkey

Qualifications:

- Higher National Diploma Hotel School Toulouse
- IT University Degree Rangueil University Toulouse





16. **Faatima Salehmohamed Seetal**
Gamma Civic Ltd, Property Development Manager

17. **Zeïmm Auladin-Suhootoorah**
Gamma Civic Ltd, IT Manager

18. **Jean Paul Yan**
Gamma Construction Ltd, Chief Financial Officer

19. **Samantha Cahoolessur**
Gamma Corporate Services Ltd, Head – Corporate Services

20. **Kannen Padiachy**
Gamma Corporate Services Ltd, HR/Talent & Development Manager

21. **Irshad Tarsoo**
Gamma Materials Ltd, Head of Finance

22. **Farhanaz Soreefan**
Gamma Treasury Management Limited, Treasury Dealer

23. **Gulshanrai Babajee**
GammaTech Ltd, Lead Innovation Programme Manager

24. **Chaveesh Gunesie**
Kolos Cement Ltd, Head of Finance

25. **Zava Andrianaivo**
Kolos Madagascar SA, Finance Manager

26. **Bipin Sobnack**
Morning Light Co. Ltd (Hilton Mauritius Resort & Spa), Finance Manager

03

CORPORATE GOVERNANCE

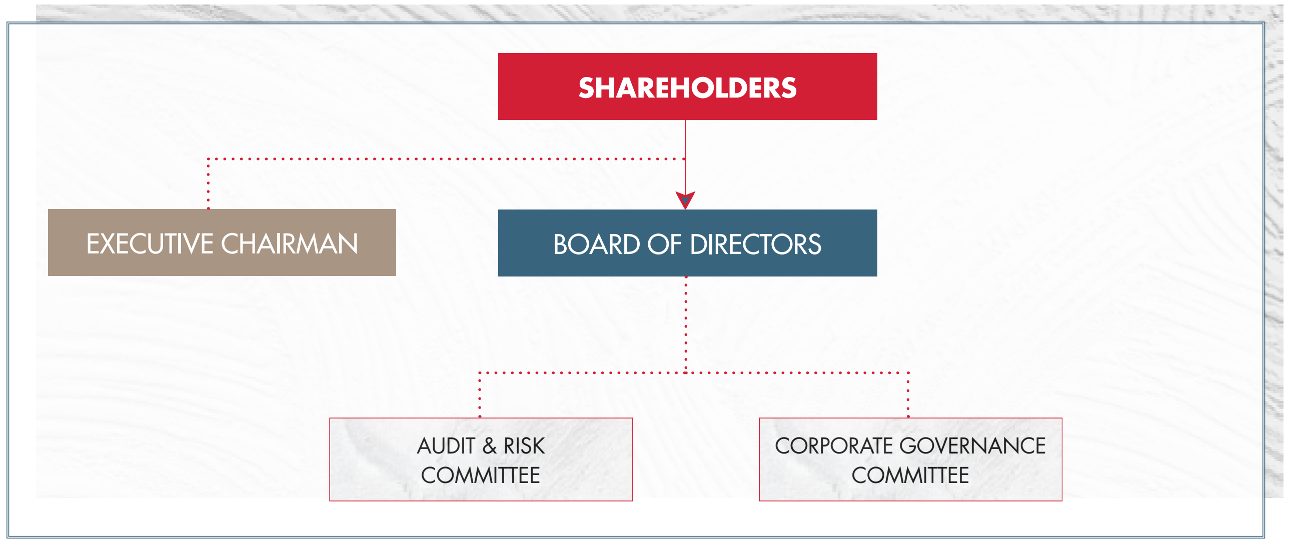
CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board of Directors (the "Board") is of the firm belief that good governance remains at the heart of the Company and the Group. It is the Board's responsibility to ensure that the Company applies the eight principles as laid out in the National Code of Corporate Governance 2016 (the "Code"), as far as reasonable.

PRINCIPLE 1: GOVERNANCE STRUCTURE

Board Structure



Board of Directors

The Company's Constitution provides that the Board shall consist of not less than two and more than twelve Directors. Presently the Board is composed of nine Directors, made up of three Independent Non-Executive Directors, three Non-Executive Directors and three Executive Directors.

The composition of the Board is in line with the Code, having the appropriate mix of Executive, Non-Executive and Independent Directors. Furthermore, the Board has the required mix in terms of diversity, skills, experience, independence and knowledge to play its role fully in serving the best interests of all stakeholders.

Committees of the Board

Committees of the Board are set up in order to assist the Board in efficient decision-making, with no decision-making powers. The Committees can only make recommendations to the Board.

Gamma Civic Ltd has two permanent Committees, namely the Audit and Risk Committee and the Corporate Governance Committee.

Governance Documents

The Company has two main internal corporate documents which have been duly approved by the Board and the shareholders, namely the Company's Constitution and the Gamma Charter (the "Charter").

The Company's Constitution

The Company's Constitution is in line with the Companies Act 2001 (as amended) and has no material clauses requiring disclosure.

A copy of the constitution is available for inspection by the shareholders upon request made to the Company Secretary.

The Gamma Charter

The Gamma Charter establishes and stipulates a governance framework, which include the rules, regulations, organisation and governance principles that must permeate all levels of the Gamma Group in order to:

- *Value Rights* – Preserve the rights of the shareholders of Gamma Civic Ltd and ensure that Gamma Civic Ltd has sound governance practices throughout the organisation;
- *Effective Oversight* – Enable the Board of Gamma Civic Ltd to have effective oversight of the management of its Group Companies;
- *Respective Roles & Responsibilities* – Clarify the respective roles and responsibilities of Board members and senior executives of the Gamma Group, charged with the executive management of the Gamma Group of companies; and
- *Protocols & Policies* – Establish protocols and policies to promote compliance and consistency within an overall Gamma Group framework of policies and strategies.

The Gamma Charter was revisited following the coming into force of the Code in 2016. Following the said review, no change was required to the Charter in as much as it is aligned to the Code.

A copy of the Charter is available for inspection by the shareholders upon request made to the Company Secretary.

Key Positions

The Board of the Company has the following key positions, namely:

- The Executive Chairman;
- Chairman of Board Committees; and
- Lead Independent Director.

The Executive Chairman

The Company has an Executive Chairman who has been duly appointed by the shareholders at the Annual Meeting. He is eligible to stand for his re-appointment at the next Annual Meeting.

The duties and responsibilities of the Executive Chairman are as follows:

Executive Responsibilities

(i) Drives management in exploring business development opportunities;

(ii) Supervises management in the development and implementation of the Company's strategy in line with the Board's directives;

(iii) Ensures the implementation of policies and strategies as resolved by the Board;

(iv) Oversees the management of the Company's business and operations;

(v) Acts as the direct reporting line for the Group CFO;

Board's & Shareholders' Responsibilities

(vi) Acts as the direct reporting line for the company secretary;

(vii) Provides leadership to the Board and ensure its effectiveness;

(viii) Sets the Board's and shareholders' meetings agenda;

(ix) Ensures effective links between the shareholders, the Board and management.

Furthermore, it is part of the Executive Chairman's responsibility to ensure that new Directors are properly introduced to the businesses of the Company, with the assistance of the Company Secretary.

In April 2020, the Board appointed Mr Tommy Ah Teck as the Company's Executive Chairman and he has been re-appointed at subsequent Annual Meetings.

Chairman of Board Committees

The Chairman of the Board Committees, namely the Audit and Risk Committee and the Corporate Governance Committee, are responsible:

- For chairing their respective Committees and for ensuring that the Committees deliver as per their respective terms of reference, which are detailed in the Gamma Charter;
- To assist the Board in fulfilling its duties and responsibilities

Mr Paul Halpin is the Chairman of the Audit and Risk Committee and Mr Lim Sit Chen Lam Pak Ng, also known as Maurice Lam, is the Chairman of the Corporate Governance Committee.

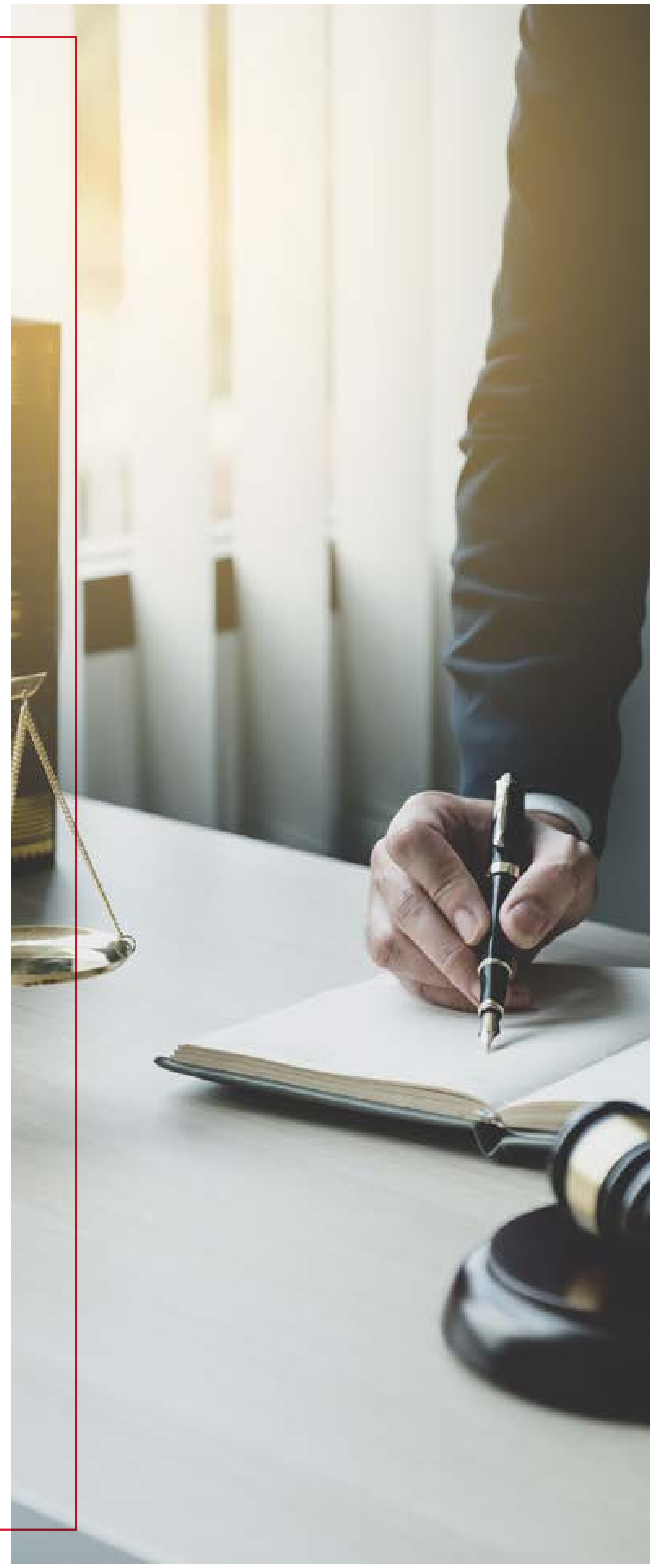
Lead Independent Director

In line with the Gamma Charter, the Board approved the appointment of a lead independent director, also referred to as senior independent director

Essentially, the role of a lead independent is:

- To work closely with the Chairman in order to act as a sounding board and provide support;
- To act as an intermediary for other directors as and when necessary;
- To remain available to shareholders and other non-executives to address any concerns.

Mr Paul Halpin is the Lead Independent Director for the year under review.



CORPORATE GOVERNANCE continued

PRINCIPLE 2: STRUCTURE OF THE BOARD & ITS COMMITTEES

THE BOARD

> **Extract of Gamma Charter**
>
> The shareholders of Gamma Civic Ltd by ordinary resolution shall determine the size of the Board of Gamma Civic Ltd and hold the ultimate responsibility of electing the persons to act as Directors on the Board.
>
> The Board of Directors of Gamma Civic Ltd shall comprise of Executive Directors, Non-Executive Directors and Independent Non-Executive Directors in view of collectively representing a set of skills, competence and experience to adequately fulfil its responsibilities. It shall be a pre-requirement that at least one Independent Non-Executive Director appointed to the Board has the necessary skill and experience in financial matters to ensure that there is an independent judgement on issues of strategy, performance and resources, which are brought before the Board. ”

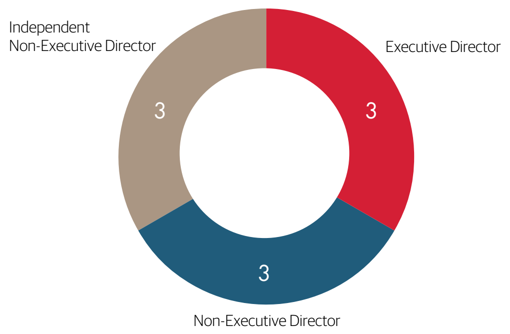
For the period under review, the Company had a Board composed of nine Directors.

Profiles of Directors, including details of their appointments in listed companies, have been disclosed in the section "Leadership – Board of Directors" of the Annual Report.

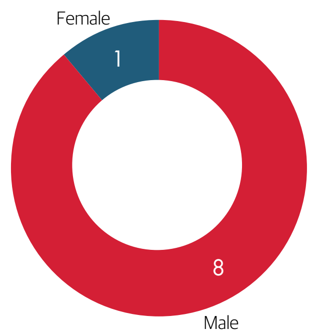
Balance in the Composition of the Board

The shareholders have appointed a Board of Directors which is currently composed of:

Directors Mix



Gender Diversity



Powers of the Board

The role of the Board is first and foremost to direct, govern and control the Company in order to safeguard and enhance its total value and return. This includes overseeing directly or indirectly the company's executive management.

In addition, the Board has the following necessary powers:

- To direct and supervise the management and affairs of the Company for creating and delivering sustainable value;
- To set the strategic direction within a framework of rewards, incentives and controls;
- To ensure that management strikes an appropriate balance between delivering short- and medium-term objectives and promoting long-term growth;
- To ensure that management maintains a system of internal controls and procedures, which provide assurance of effective and efficient operations, internal financial controls and, compliance with existing laws and regulations;
- To act as the decision-making body for all matters of significance to the Company because of their strategic, financial and reputational implications and/or consequences;
- To ensure that the corporate governance system is effectively implemented by management in terms of processes, mechanisms, policies, laws and customs.

Board Meetings - Focus Areas 2022

The Board held quarterly statutory meetings to review the Company's unaudited and audited financial statements, in compliance with the provisions of the Companies Act 2001, the Listing Rules and the Gamma Charter.

Matters discussed by the Board included

- Strategic position assessment
- Five-year strategic plan, including
  - Value ambition
  - Strategic initiatives with risk assessment
  - Capex plan with financing options
  - Key management agenda items for the next three years based on strategic initiatives
- Budget

Attendance at Board meetings

For the period under review, the Board has met four times.

Directors	Attendance
Tommy Ah Teck	4/4
Boon Hui Chan	3/4
Patrice Ah Teck	4/4
Jason Ah Teck	4/4
Jean-Claude Lam Hung	3/4
Maurice Lam Pak Ng	4/4
Paul Halpin	4/4
Marie Claire Chong Ah-Yan	4/4
Twalha Dhunnoo	4/4

CORPORATE GOVERNANCE continued

PRINCIPLE 2: STRUCTURE OF THE BOARD & ITS COMMITTEES continued

Committees of the Board

Audit and Risk Committee

Composition & Attendance

During the year under review, the Audit and Risk Committee met four times. The members of the Audit and Risk Committee are as follows:

Directors	Attendance
Paul Halpin (Chairman)	4/4
Boon Hui Chan	3/4
Maurice Lam Pak Ng	4/4
Jean-Claude Lam Hung	3/4

Roles & Responsibilities

The roles and responsibilities of the Audit and Risk Committee are set out in the Gamma Charter. In particular, the Audit and Risk Committee monitors and oversees:

- The Company's financial accounting and reporting practices including:
  - The integrity of financial statements and of internal controls over financial reporting;
  - Appropriateness of accounting policies or practices;
  - Application of new accounting standards;
  - The statement of Directors' responsibilities in relation to the financial statements;
- The system of internal controls and the effectiveness of the internal control framework;
- Compliance with financial reporting standards and with Stock Exchange and legislative requirements relating to financial reporting;
- Internal and external audits:
  - Adequacy and scope of the audit functions;
  - Auditor's qualifications, independence, effectiveness and appointment;
  - Performance review of the auditors;
  - Review and approval of the audit plans for the following year; and
  - Detailed review of deliverables from internal and external auditors;
- The company's information technology environment;
- Monitoring and assessing the Group's risk management framework:
  - Receives regular updates on the Group's risk management strategies, mitigation and action plans;
  - Quarterly formal risk assessment of key business risks and of the company's risk appetite; and
- Review of any litigation.

The Chairman of the Audit and Risk Committee reports quarterly to the Board of Directors on matters related to financial reporting, risk management and the Company's internal control systems.

Risk Review of 2022

For the year under review, the Company and the Group continued to monitor and manage the heightened risks which have resulted from the COVID-19 pandemic as well as those resulting from current geopolitical tensions in different parts of the world. The risk focus areas of the quarterly discussion with the management team during 2022 included:

- Continuing integration of the Risk Management Framework into strategic planning and value-creation activities;
- Ongoing refinement of the Risk Management Framework in the context of macroeconomic trends;
- The role of risk management in building resilience;
- Scenario planning and risk anticipation across the Group ;
- Investment risk appetite;
- People risk management, to protect our people and their ability to perform effectively;
- Liquidity risk management
- Cyber-security risk.

Further information can be found in the Section "Principle 5: Risk Governance and Internal Control"

Corporate Governance Committee

The Corporate Governance Committee acts as a mechanism for making recommendations to the Board on all corporate governance matters relevant to the Company to ensure that the Board remains effective and complies with the Code and prevailing corporate governance principles.

The Committee also fulfils the remuneration and nomination function. The remuneration philosophy is geared towards rewarding efforts and merits for individual and joint contribution to the Company's results, whilst also having due regards to market conditions, the interest of the shareholders and the financial well-being of the Company.

Under the aegis of the Corporate Governance Committee and the Chairman of the Board, the Board members have carried out their appraisal for the year under consideration. The objective of the appraisal is to ensure that the Board and the Directors are fully performing as defined in the Gamma Charter, to meet the expectation of all stakeholders

Composition & Attendance

During the year under review, the Corporate Governance Committee met once. The members of the Corporate Governance Committee are as follows:

Directors	Attendance
Maurice Lam Pak Ng (Chairman)	1/1
Boon Hui Chan	1/1
Patrice Ah Teck	1/1
Tommy Ah Teck	1/1
Marie Claire Chong Ah-Yan	1/1

Roles & Responsibilities

The roles and responsibilities of the Corporate Governance Committee are set out in the Gamma Charter.

Corporate Governance

The Committee makes recommendations to the Board on all corporate governance matters, including ensuring that that the Company remains compliant to prevailing corporate governance principles and reporting requirements, in line with the Gamma Charter and the Code.

Remuneration

The Committee reviews, assesses and makes recommendations with respect to matters pertaining to the remuneration policy of the Company, ensuring that it remains aligned to prevailing market practices.

In particular, the Corporate Governance Committee is responsible for and has oversight on:

- The preparation of any proposal to the Annual Meeting on matters pertaining to the remuneration of Board members;
- The appointment, remuneration, performance and appraisals of the Directors and senior management team;
- The review of the Company's remuneration system and policies, including performance assessment processes and annual compensation;
- Determining and recommending Committee Members' fees and remuneration to the Board; and
- Liaising with the Board in relation to the preparation of the Committee's report to shareholders with respect to remuneration, as may be required.

Strategic HR Issues

The Corporate Governance Committee would periodically review and assess the Group HR policies. The Committee would discuss with the Executive Chairman and HR team on strategic HR issues, including:

- Employee retention, motivation and commitment;
- Significant employee relations matters;
- The availability of talent for senior roles;
- Results of any group employee engagement survey;
- Progress in equality and diversity in the workplace; and
- The Gamma Group's performance against agreed employee metrics.

Employee Benefit Schemes

The Corporate Governance Committee reviews the Company's policy relating to employee benefits.

CORPORATE GOVERNANCE continued

PRINCIPLE 2: STRUCTURE OF THE BOARD & ITS COMMITTEES continued

Nomination of Directors

The Corporate Governance Committee assists the Board in the nomination of Directors by:

- Identifying individuals qualified to become Board members;
- Recommending Directors to be elected by the Board to fill any vacancies;
- Recommending the appointment and succession of Non-Executive Directors; and
- Overseeing Board induction processes.

Succession Planning

The Corporate Governance Committee oversees the succession planning proposals brought by management to the Committee for senior management and key employees with the potential to move into other functional or leadership roles and make recommendations to the Board, at regular intervals, and at least once a year.

Composition of Board

The Corporate Governance Committee prepares proposals to the Annual Meeting for the appointment of Board members.

Re-election and renewal of Serving Non-Executive Directors

The Corporate Governance Committee periodically reviews the time commitment required of the Non-Executive Directors and makes recommendations to the Board concerning:

- Re-election by shareholders of Directors in accordance with the Code;
- Renewal of terms of office of Non-Executive Directors, based on a review of each Director's performance; and
- Any matters relating to the continuation in any office of any Director at any time

Board Effectiveness and Performance

The Corporate Governance Committee:

- Considers and sets the criteria for the objective and rigorous performance review of each Non-Executive Director, the Board and each Committee of the Board;
- Conducts an annual performance evaluation of the effectiveness of the Board, and of each Committee of the Board, and the contribution of each Director;
- Ensures that the recommendations and conclusions arising out of the annual effectiveness review are reported to the Board;
- Agrees on an action plan to address results of the Board effectiveness review and review progress against the plan; and
- Considers the effectiveness of each Board evaluation carried out

Corporate Governance Review of 2022

The focus areas of the Corporate Governance Committee during the year were as follows:

- Reporting on corporate governance matters;
- Nomination;
- Succession planning ;
- Remuneration & reward;
- Attracting new talent and retention of our existing resources, in the context of a dynamic employment market in Mauritius with high employee turnover in most sectors

COMPANY SECRETARY

The role and responsibilities of the company secretary are described in the Gamma Charter and are in line with the provisions of the Companies Act 2001. These include the following:

- To provide the Board with guidance as to its duties and responsibilities, and powers;
- To inform the Board of all legislations on functions and operations relevant to or affecting meetings of shareholders and directors and reporting at any meetings as may be reasonably required from time to time and the filing of any documents required of Gamma Civic Ltd and any failure to comply with such legislation;
- To ensure that minutes of all meetings of shareholders and Directors are duly recorded and that all statutory registers are properly maintained;
- To certify that the company's annual financial statements have been filed with the Registrar of Companies as required under the Companies Act 2001; and
- To ensure that a copy of the company's annual financial statements and, where applicable, the annual reports are sent by email or post to every person entitled to such statements or reports in terms of the Companies Act 2001.

Gamma Corporate Services Ltd, headed by Mrs Fahmida Jeerooburkhan, is the company secretary of Gamma Civic Ltd.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

Selection, Appointment & Re-Election of Directors

Identification & Selection	The Corporate Governance Committee, having knowledge of the skills required to add value to the affairs of the Board, is responsible for the identification and selection of directors.
Recommendation	The Corporate Governance Committee under its nomination function, is responsible for making a recommendation to the Board, which in turn would be presented to the shareholders at the Company's Annual Meeting. In the cases of casual vacancy, the Board may appoint Directors who shall hold office only until the next Annual Meeting and shall then be eligible for re-election.
Appointment	Upon their appointment, all Directors are provided with a letter of appointment which stipulates the terms and conditions of such appointment. The Directors are also given a Gamma Charter which serves as a reference tool for all members of the Board and are referred to the Company's constitution, the Companies Act 2001 and the Listing Rules of the Stock Exchange of Mauritius.
Re-Election	An appointed director shall hold office only until the next following Annual Meeting of shareholders, and shallthen be eligible for re-election

Succession planning

An important responsibility of the Board of Directors is to ensure that the Company has an appropriate succession plan in place for Directors, senior Management and key officers, and this responsibility has been delegated to the Corporate Governance Committee under its Nomination function.

CORPORATE GOVERNANCE continued

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

Directors have:

- Common law fiduciary obligations to the Company and Group to act in good faith and to the best interest of the Company;
- Obligations imposed by the Companies Act 2001, Constitution of Gamma Civic Ltd; and the Gamma Charter.

They have a duty to exercise a degree of care, skill and diligence in fulfilling of their function as Board members.

Induction

Upon appointment, Directors are issued a letter of appointment stipulating the terms and conditions of the directorship, a copy of the Company's Constitution, and the Gamma Charter.

The corporate presentation of the Company and Group is effected by the Executive Chairman and includes meetings and site visits for new Directors to get acquainted with the businesses and operations of the Group.

Continuous Professional Development

The Directors are encouraged to remain updated with the latest professional practices, changes and trends in the Company's business, market, economic, political, social and legal environment in general.

Board Evaluation

The Board has established an internal process for performance evaluation of the Board, Board Committees and Directors, including the Chairman of the Company. The process is managed by the Corporate Governance Committee and the Company Secretary.

The Board has adopted a "Board, Self & Peer Evaluation" questionnaire, whereby the Directors would assess their individual performance, that of their respective peers and the Board. This exercise is carried out internally and in full confidentiality.

In 2021, no "Board, Self & Peer Evaluation" was carried out given the very good overall rating obtained during the 2020 exercise, and there being no change on the Board's composition.

For the year 2022, there was no change in the Board's composition following the annual shareholders' meeting. The Company carried out a "Board, Self & Peer Evaluation" for the year 2022 to ensure that the Board remains effective and efficient, the Directors continue to contribute positively to Board's discussion and are fully committed to the Company, the employees and shareholders.

The exercise is carried out independently and in all confidentiality by the Head of Gamma Corporate Services Ltd, as approved by The Board. The exercise is still ongoing at the time of preparing the present corporate governance report.

The Board is appointed for a period of one year and, all Directors stand for re-election at each Annual Meeting.

Remuneration Policy

The Company remains focused on its long-term philosophy as described in the Group HR Manual, which is to attract and retain leaders with the objective of delivering business priorities within a framework that is aligned with the interest of the Company.

Directors' fees paid to Non-Executive Directors are made of three components, namely retainer fees which represent an average of 32%, Board Committees attendance representing 4%, and special assignments/projects representing 64%.

Executive Directors received remuneration and benefits made of three components, namely basic salary which represents an average 51% of the remuneration, a performance bonus representing 20% of same, and the remaining 29% includes special assignment/projects.

For the period under review, remuneration and benefits received and receivable by the Directors from the Company and its subsidiaries were:

	From the Company	From the Subsidiaries
	Rs	Rs
Directors of the Company		
– Executive	51,493,867	16,599,984
– Non-executive	37,530,770	24,240,386
Total	**89,024,637**	**40,840,370**

IT Management Policy

Information technology ("IT") is key to the Company and the Board is responsible for IT Governance and management of IT risks, through policies, procedures and processes which are regularly updated, monitored and safeguarded by having in place the appropriate tools and software.

There is an IT Management Policy included in the Gamma Charter which provides the principles and recommended practices to achieve the future strategic goals identified and approved by the Gamma Board. However, the implementation of tactical plans remains the responsibility of senior management of each entity within the Group.

A Group IT Platform has been instituted with monthly meetings to review and implement the IT Management Policy.

The following areas are covered:

- IT Projects
- IT Procurement
- IT Systems Incidents Management and Response
- Information Security Incidents Management and Response
- Change Management
- IT Policies alignment

In 2022, the Group has pursued the implementation of the ISO/IEC 27001 standard on Information Security Management for all operating companies. Lottotech Ltd, Kolos Cement Ltd and Gamma Materials Ltd have achieved the ISO/IEC 27001 certification.

Compliance and security are of the utmost importance for the Group, and the following areas were given due consideration:

- Information security;
- Business continuity;
- Implementation and post implementation approach;
- Support for group future expansion projects.

A Group Human Resource Management System Project was initiated in 2022 with the objective to select and implement a HR management system that provides Group employees with services through a digital platform. The project is expected to be completed in 2023.

Directors' Interest and Dealings in the Company's Shares

As part of the Company's statutory quarterly reporting process to the Stock Exchange of Mauritius Ltd and the Financial Services Commission, the Company Secretary would request the Directors to confirm their shareholding and any dealings which they may have effected in the Company's shares, with reference to Code of Securities Transactions by Directors.

The Directors are thus fully aware of the principles of the Model of Code of Securities Transactions by Directors, as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

There are no share dealings by the Directors for the period under review.

Interests' Register, Conflicts of Interest and Related Party Transaction Policy

The Directors are fully aware of the responsibility of disclosure of any conflicts of interest in accordance with the laws and the Gamma Charter.

Declaration of Conflict of Interest at each Board Meeting

The Company Secretary holds an Interest Register in which declarations are made by Directors at each Board Meeting.

The first item of the agenda for all board meetings is for directors to declare if they have any conflict on any items which the Board will address for the business of the day. All Directors would sign a duly approved declaration of interest form, which forms part of the Board's proceedings. Furthermore, Directors who are conflicted are not allowed to vote on any matter in which he or she is interested.

Any related party transaction, if existing, would also be recorded in the said register, which is available for inspection upon request made to the Company Secretary.

CORPORATE GOVERNANCE continued

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

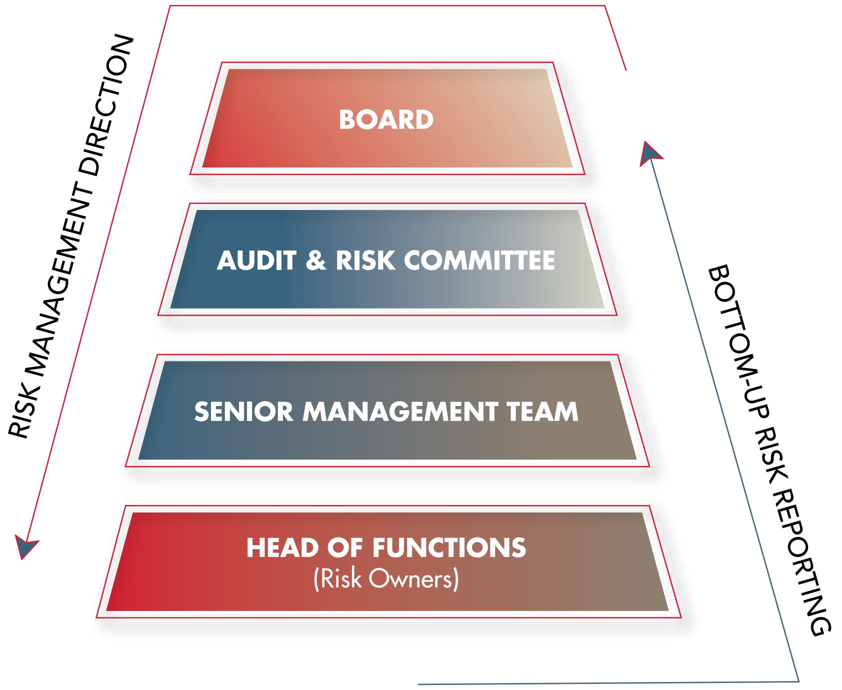
Internal Control & Risk and Compliance report

The Board has delegated to the Audit and Risk Committee, the responsibility of ensuring that the Company has a risk management framework to manage and mitigate key risks. Nevertheless, the Board is ultimately responsible for the risk management framework and the integration of risk management into opportunity identification and threat assessment.

Risk Management Framework

Effective risk management supports and strengthens our ability to deliver on our strategies and assures the continued success of our business. Our risk management framework enables us to respond to stresses and uncertainty, which are often complex and inter-connected, and gives us a foundation on which to build a performance and growth-oriented mindset across the Group. Understanding the complexities of risk enables us to pursue market opportunities by combining entrepreneurial endeavour with robust risk mitigation practices.

The Company's risk management framework, embedded across the Group, delivers a standardised system of identification, management and reporting of risk, and assures a structured, consistent dynamic approach to threats and opportunities in all our operations. It combines bottom-up risk reporting with oversight and input from Board, Audit and Risk Committee and Internal Audit. Clarity of risk ownership is a key strength across the group, supported by a robust governance structure.



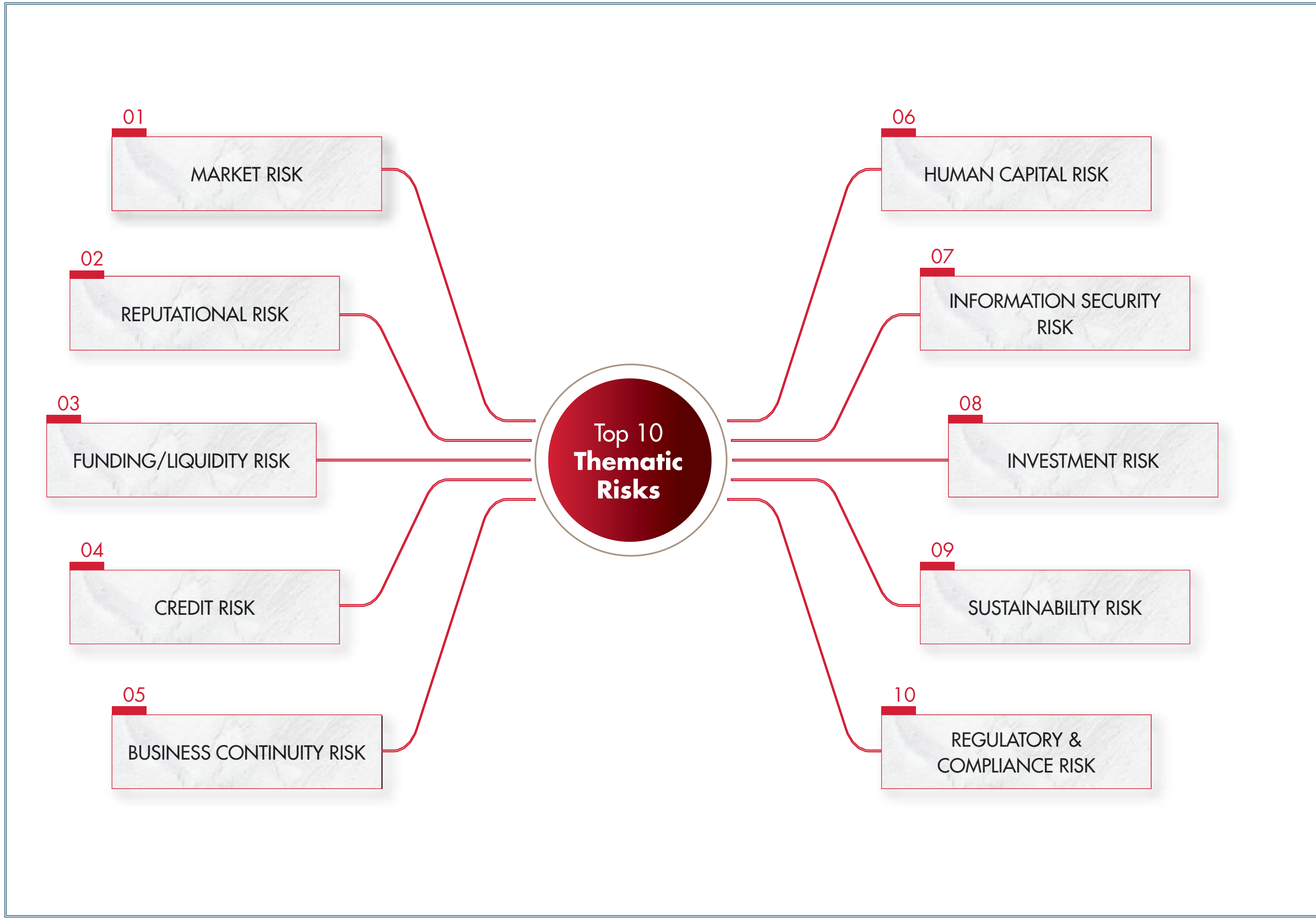
Risk Management Practices

Risk management is a key aspect of strategic planning, helping to successfully address the challenges we encounter in our strong focus on value creation. Our risk management framework enables a collective understanding of our risks, which is integrated into strategic planning processes to assure successful delivery. Our approach to integrating risk management into every aspect of our business helps our people to be resilient, our business model to be robust and our proven track record of delivery to be maintained.

The maturity of our risk structures has enabled us to integrate a wide range of perspectives on risk while driving initiatives that create value from opportunities. We leverage tools and technologies to ensure that we are a risk-intelligent Group, enabling faster and better decisions across the Group.

Gamma's Top 10 Thematic Risks Embedded with our Strategy

Embedding risk management into our business processes, at all levels in the Group, creates an environment where our teams take a disciplined and focused approach to risk. Integration with strategy and performance agendas ensures a robust and effective risk environment, assisting in optimising the performance of our businesses. Our risk appetite, defined in detail, includes the following themes in order to define the key risk parameters within which strategic decision-making takes place, and assisting with our goals of disciplined and focused growth. The Company's top risk themes include:



Whistleblowing Policy

The Company is committed to openness, accountability, transparency and highest standards of ethics. All employees and the Company's stakeholders are encouraged to report any incidents which they have reasonable grounds to believe may tantamount to an illegal act, cause harm and impact the reputation of the Company.

CORPORATE GOVERNANCE continued

PRINCIPLE 6: REPORTING WITH INTEGRITY

Financial and Operational Performance

The Company's financial and operational performance is detailed in the Directors' Report.

Environment, Health & Safety

The Company continues to be committed to providing all employees of the Group with a safe and healthy working environment in line with the Occupational Safety and Health Act 2005 and other applicable legislative and regulatory frameworks.

Through its Health and Safety officers employed by the different Group companies, Gamma Civic Ltd ensures that the Group fulfils its legal obligations as an employer towards its employees. At the same time, the employees are informed of their responsibility as regards to safety and health, through continuous training and awareness on a safe working environment.

The Company has an Environmental Policy as contained in the Gamma Charter

Code of Conduct

The Company applies the Gamma Charter, which includes a Code of Conduct.

The Code of Conduct is based on the fundamental belief that business should be conducted in all honesty, fairness, ethical manner and legally. This commitment is endorsed by the Board and all employees, sharing the commitment to high moral, ethical and legal standards.

The Code of Conduct clearly sets out the Company's approach to:

- Conflicts of interest
- Dealings with suppliers
- Dealings with customers and potential customers
- Dealings with public officials
- Political activities and contributions
- Integrity of records and financial reports
- Proprietary information
- Discrimination and harassment

The Company does not tolerate any form of corruption and bribery. All directors, officers and employees of the Company and the Group must fully adhere to and comply with all applicable anti-bribery and anti-corruption laws.

The Gamma Group seeks to build and manage a sound relationship with governmental authorities on an arm's length basis and will not offer, pay, solicit or accept bribes in any form or shape in its dealings with the government, administration or the courts. The Company makes political donations at the time of general elections, in line with the provisions of the National Code of Corporate Governance (Charitable and Political Contributions) and the recommendations of the independent association Business Mauritius, with a view to further the Mauritius' democratic process, without expecting any reward in return and make full disclosure on the subject matter.

Corporate Social Responsibility ("CSR")

The Company and Group remain committed to being a responsible corporate citizen. All CSR activities are further detailed in the "Our Corporate Social Responsibility" section of the annual report.

PRINCIPLE 7: AUDIT

Directors' Responsibility

Directors are duly informed of their duties and responsibilities as provided under the Companies Act 2001, and their responsibility under the Listing Rules.

They are also conversant with the provisions of the Company's constitution and the Gamma Charter.

External Audit

Appointment of the Company's external auditors remains a reserved right of the shareholders, upon recommendation of the Board. The appointment process follows a tender exercise under the oversight of the Audit and Risk Committee, on behalf of the Board.

The Audit and Risk Committee reviews the auditors' letter of engagement and also monitors the independence of the external auditor, ensuring that the auditors are not hindered in any manner whatsoever in the performance of their function.

The external auditors have direct access to the Audit and Risk Committee members and attend the Committee meetings. Once a year, the external auditors also meet with the Board to report on the external audit exercise and present their report to the Board.

Internal Audit

The internal audit function has been outsourced to KPMG, following a tender exercise. KPMG operates on a risk-based three-year internal audit plan, under the supervision of the Audit and Risk Committee.

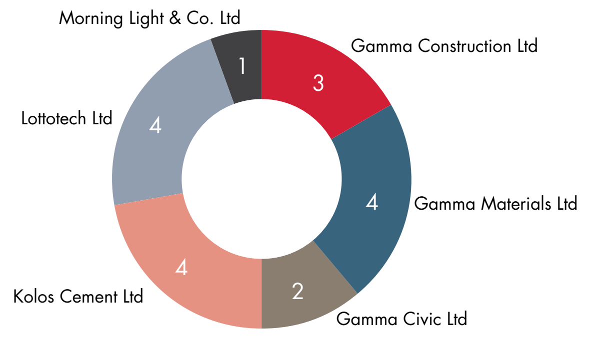
The duties of the internal audit are defined in the Gamma Charter and among others include the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities, in view of eliminating or reducing risks identified to an acceptable level, and the formulation of necessary recommendations.

The key areas to be covered by the internal audit function have been identified following an enterprise-wide risk assessment. The risk assessment is reviewed annually based on prior years results, overall group strategy and emerging risks affecting the business activities of the group. The annual internal audit plan is discussed at each Audit and Risk Committee.

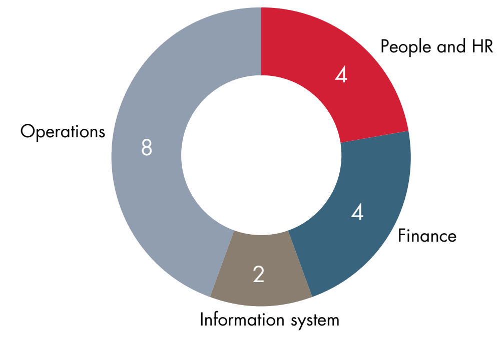
The Internal Audit Plan for the financial year ended 31 December 2022 focused on key financial and operational processes across the main subsidiaries of the Group.

As per the approved internal audit plan, 18 internal audit reviews were carried out in 2022 as shown in the diagrammatic representations below.

Internal audit reviews per company



Internal audit reviews per key area



The internal audit function maintains its independence and objectivity to allow for the effective performance of its duties. The direct reporting line is to the Chairman of the Audit and Risk Committee, and the internal audit function may also be called upon by the Chairman of the Board to report to it on specific matters

CORPORATE GOVERNANCE continued

PRINCIPLE 8: RELATIONSHIP WITH SHAREHOLDERS AND KEY STAKEHOLDERS

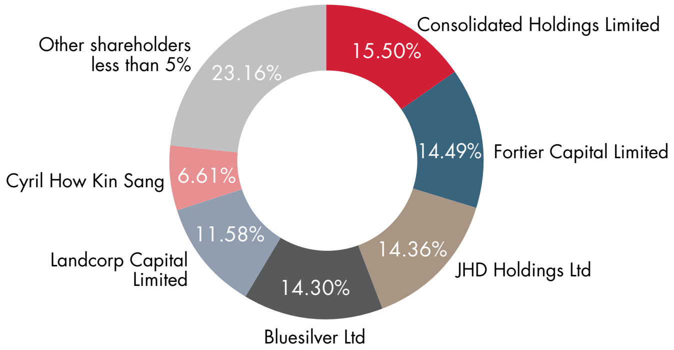
Communication with Key Stakeholders

The Board of Directors is committed to having an open and transparent communication with its shareholders, local authorities, financial institutions, suppliers, investors and employees at all times. It normally communicates through its Annual Report, as well as through announcements as provided under the Listing Rules, whenever applicable, through its statutory reporting and publications.

The Company also uses its website to communicate with its shareholders and stakeholders. All communiqués, dividend announcements, abridged financial statements and the annual reports issued by the Company are posted on the Company's website.

Shareholders holding more than 5% as at 31 December 2022

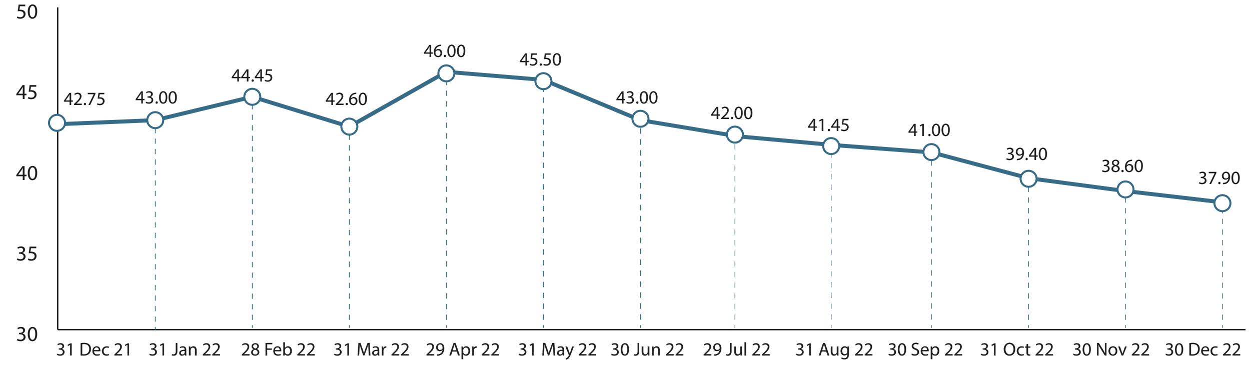
The composition of the Company's shareholding is as follows:



No individuals or entities held more than 25% of Gamma Civic Ltd as at 31 December 2022.

Share Price Graph

Gamma Civic Ltd – Closing Price for the Year 2022



Shares in Public Hands

In line with the Listing Rules, the Company has more than 25% of its shareholding in public hand.

Annual Meeting of Shareholders

TThe Company's statutory annual meeting for the shareholders to approve the audited financial statements will be held in June 2023.

Dividend Policy

According to the Gamma Charter, the Company aims at distributing a dividend which is equivalent to a 3% dividend yield, subject to meeting the requirements of the Solvency Test, and as a rule for each financial year the Company declares and pays an interim and a final dividend.

Tommy Ah Teck
Executive Chairman

31 March 2023

Maurice Lam
Non-Executive Director

OUR CORPORATE SOCIAL RESPONSIBILITY

This section covers Gamma Group's social engagement from 1st January to 31st December 2022.

OVERVIEW

In 2022, Gamma Group has collectively contributed Rs6.7M towards CSR initiatives with approximately 4,000 beneficiaries around the country. The operating companies of the Group have their respective CSR programmes and they still support Group's initiatives, which are coordinated by the holding company through the Gamma Foundation.

Rs 6.7M TOTAL FUNDS CONTRIBUTED

4,000+ EST. BENEFICIARIES

4,090+ VOLUNTEER HOURS

QUALITY EDUCATION

Gamma's founders strongly believe in education as the way to success and this belief continues to drive many of the Group's CSR initiatives: Provide a quality education to the young of the Mauritian society. Gamma is contributing towards a better tomorrow for the future generations of our country.

#givedreamsachance with Centre d'Amitié

At the beginning of 2022, Centre d'Amitié, a pre-primary school and nursery situated at Camp La Paille, Bambous reached out to Gamma Foundation to increase its support to run the pre-primary school and nursery as some of their important traditional partners had considerably reduced their support to the Centre. This was having an impact on the good running of the school.

Gamma Foundation readily stepped up and increased its support as it has always been a sponsor of Centre d'Amitié. The project #givedreamsachance was initiated whereby Gamma group's employees demonstrated their personal engagement and contribution by becoming godparents of the students of Centre d'Amitié.

With this project, the children of Centre d'Amitié received a healthy breakfast and lunch on a daily basis, received all their school supplies and an additional teacher was appointed to focus on the children who were transitioning to the primary level. Furthermore, milk and diapers were provided for the babies at the nursery. This project has been so successful that it is being renewed for 2023. Our employees are committed to make a difference to the life of these children.

In addition, the Gamma Group also support other educational programmes, such as:

- *L'École des Maçons, a programme delivered by the Bâtir Agir Foundation under Kolos Cement Ltd to build the next generation of skilled masons and for recognition of their craft*

  Training and professional development of skilled or unskilled people in the field of masonry and construction remains the main aim of L'École des Maçons. In 2022, we have held three courses including one batch at Rodrigues with 20 participants. Since 2013, Kolos, in collaboration with the Mauritius Institute of Training & Development, is proud to boast a total participation rate of 400 certified participants with Basic Masonry skills. The company intends to follow through its L'École des Maçons to build the next generation of skilled masons and for recognition of their craft.

- *L'École de la Briqueterie – Remedial classes for grade 5 & 6 students*

  Education for inclusion is the foundation of our support to L'École de la Briqueterie. In 2022, we have renewed our commitment in providing remedial classes for Grade 5 and 6 students. Our employees have also volunteered in classes during school visits. In December 2022, we teamed up with school teachers to organise a Christmas party and a prize-giving ceremony for performing students in 2019 and 2020 and students who have passed their PSAC exams.

- *Hilton Charity Trail*

  Hilton Mauritius Resort & Spa organised the 6th edition of its Charity Trail and all proceeds went to Ecole Familiale de L'Ouest and Atelier Mo'Zar, which is an educational centre for students unable to follow the normal school curriculum and an NGO supporting musical education & careers for underprivileged students.

- *The 'Makadam Philosophy' of Future Hope*

  Lottotech pursued its support to Future Hope, an NGO which provides education to children who do not follow the said normal academic programme. It has four centres in Mauritius with approximately 180 beneficiaries. The school has their own programme called the 'Makadam Philosophy' where the children are taught to express themselves and communicate through games and other techniques.

Gamma Foundation and Group Companies allocated approximately 50% of their CSR funds in 2022 to initiatives falling within the Quality Education theme.

EMPOWERING COMMUNITIES

At Gamma Foundation, we also strongly believe in *"Give a man a fish and you feed him for a day. Teach him how to fish and you feed him for a lifetime"*.

The focus of this theme is to support and empower communities through skills training. Gamma Foundation, in collaboration with Kolos Cement Ltd through the Bâtir Agir Foundation, has run a pilot project to empower the women whose children are schooled at Centre d'Amitié. For the first batch, four women benefited from skills training in masonry through Ecole des Maçons in collaboration with the Mauritius Institute of Training and Development. The plan is to extend this project to other partnering NGOs.

After two successful editions, Lottotech Ltd hosted the third edition of Lottotechseeds in 2022. This project aims at empowering women who aspire to become entrepreneurs. There were 13 participants who embarked on a 6 weeks training programme by We Empower followed by a presentation of their projects before a panel of judges. The Top 3 were awarded a seedling investment of Rs 100,000, Rs 75,000 and Rs 50,000 respectively.

ALLEVIATION OF POVERTY

Gamma Foundation with the support of Gamma Group operating companies launched the 6th edition of #noutousoliderr during the December 2022 period. Thanks to the commitment of more than fifty volunteers from the Gamma Group, some 660 food packs were distributed to vulnerable families through the network of 12 NGOs across the island. This initiative, which emerged during the pandemic, continues its momentum to help the most disadvantaged in the community.

RESPONSIBLE GAMING

Lottotech Ltd has successfully integrated a responsible gaming strategy in its operations. The World Lottery Association has awarded the Level 4 Certification to Lottotech for its continuous programme to reduce gambling-related risks and harm to our communities. The Level 4 Certification is the highest possible recognition, and places Lottotech among the most responsible lotteries in the world and the first operator having obtained all certification levels in the African Region. They continue to work with all stakeholders including operators, regulators and players to ensure the provision of safe and regulated games. Lottotech continues to provide its counselling platform as a safe space to speak on gambling habits, in partnership with four NGOs; namely Centre d'accueil de Terre Rouge, Chrysalide, Etoile d'Esperance and Centre de Solidarité pour Une Nouvelle Vie.

ENVIRONMENT

As a responsible business, Gamma Group has put in place several initiatives listed below to measure and minimise its impact on the environment;

- *Retourn to Plastik campaign*

  Since May 2022, Kolos Cement Ltd has consolidated its recycling strategy and launched the national campaign "Retourn to Plastik" with the main aim to bring together the collaborative actions of all our stakeholders – employees, clients, recycling partners, construction industry peers and other key stakeholders to drive change. We strive to collect, recycle and give a second life to the plastic films covering our cement pallets. Since the launch of the campaign in May 2022, we have collected 13.9 tons of plastic which have been sent to our recycling partner DKD Plastic Pipes to be transformed and repurposed into other products, hence enabling Kolos to contribute to the circular economy.

- *Cleaning our Beaches*

  Hilton Mauritius Resort & Spa, with the participation of other hotels on the western coast, organised an extensive beach cleaning activity that resulted in the collection of 4,300 kg of mixed wastes, 2,960 kg of green wastes, 10,000 units of plastic PET bottle and 10,000 units of aluminium cans.

- *Recycling of e-wastes*

  Lottotech worked with B.E.M Recycling Ltd to dispose 3,000 kg of its electronic wastes in 2022. B.E.M Recycling intervenes in accordance with International and Mauritian regulations and directives to ensure the whole recycling process as per best services.

04

STATUTORY DISCLOSURES

STATEMENT OF COMPLIANCE

(PURSUANT TO SECTION 75 (3) OF THE FINANCIAL REPORTING ACT 2004)

Name of Public Interest Entity ("PIE"): Gamma Civic Ltd

Reporting Period: 31 December 2022

We, the Directors of Gamma Civic Ltd confirm that to the best of our knowledge Gamma Civic Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance.

Tommy Ah Teck
Executive Chairman

Maurice Lam
Non-Executive Director

31 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the preparation of financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for each financial year, which present fairly the financial position, financial performance and cash flows of the Company and the Group

The Directors confirm that, in preparing the financial statements, they have to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State that IFRS have been adhered to, subject to any material departures being disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business; and
- Ensure compliance with the Code of Corporate Governance ("Code") and provide reasons in case of non- compliance with the Code.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001, IFRS and the Financial Reporting Act 2004.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors hereby confirm that they have complied with the above requirements.

Approved by the Board of Directors on 31 March 2023 and signed on its behalf by

Twalha Dhunnoo
Executive Director & Group CFO

Paul Halpin
Lead Independent Director

SECRETARY'S CERTIFICATE

(PURSUANT TO SECTION 166(D) OF THE COMPANIES ACT 2001)

We certify that, to the best of our knowledge and belief, Gamma Civic Ltd has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 in terms of Section 166(d).

Gamma Corporate Services Ltd

Company Secretary

31 March 2023

DIRECTORS' REPORT

The directors are pleased to submit their report together with the audited financial statements of Gamma Civic Ltd ("the Company") and the Group (together the "Gamma Group") for the year ended 31 December 2022.

MAIN INVESTMENTS

Gamma Civic Ltd is a listed investment holding company. Its main objectives are to safeguard and enhance its shareholders' wealth, deliver an acceptable level of return to shareholders and to continue to build a sustainable platform for growth and profitability.

Gamma has investments in different sectors and the principal ones are:

- Contracting;
- Building Materials;
- Lottery & Gaming Technology;
- Hospitality;
- Properties (Real Estate); and
- Financial Services.

The operations within the sectors mentioned above as carried out by different companies which are subsidiaries, associates and joint ventures of Gamma Civic Ltd.

Contracting

Gamma Construction Ltd, a wholly-owned subsidiary, is involved in asphalt production, asphalt and road works and building and civil engineering contracting works both in the private and public sectors.

Building Materials

Gamma Materials Ltd, a jointly controlled company, supplies building materials including aggregates, sand and blocks to the construction industry.

Kolos Cement Ltd, a subsidiary, trades in and distributes cement. It is listed on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd ("SEM").

Kolos Building Materials Ltd, a subsidiary of Kolos Cement Ltd, is engaged in retail sale of cement to hardware stores.

Kolos Madagascar SA, a Malagasy subsidiary of Kolos Cement Ltd, trades in and distributes cement in bags.

Lottery & Gaming Technology

Lottotech Ltd, a subsidiary, operates, under licence, the Mauritius National Lottery and is listed on the Official List of the SEM. It launched a new Loterie Vert game on 30 October 2020.

Pool Joseph Merven Limited, a subsidiary of Lottotech Ltd, holds a license to operate as agent of foreign pool promoter, currently, The Football Pools Ltd, a sports betting operator in the United Kingdom

LudWin Group SAS, a new foreign joint-venture entity since April 2022, provides software and technology to lottery operators.

Hospitality

Morning Light Co. Ltd, an associate company, operates in the hotel industry through Hilton Mauritius Resort & Spa and is listed on the Development & Enterprise Market of the SEM.

Properties (Real Estate)

BR Capital Ltd owns a seven-storey office building in Ebène known as Burford House. Part of the ground floor is occupied by Artisan Coffee, a brand of coffee shop well known in Mauritius. The remaining floors are occupied by Huawei Technologies (Mauritius) Co. Ltd.

The Group also owns several property assets, including freehold and leasehold land.

Financial Services

Jasiri Investment Ltd, an associate company, is engaged, through its subsidiaries, in the financial services industry.

Gamma Treasury Management Limited (GTML) is a wholly-owned subsidiary of Gamma Civic Ltd which is engaged in treasury management to the Group companies. GTML is regulated by the Financial Services Commission (FSC) of Mauritius.

RESULTS

Group Performance

Group Statement of Profit or Loss and Other Comprehensive Income

Revenue	Net Profit after Taxation
Dec 2022: Rs 5,553M	Dec 2022: Rs 481M
Dec 2021: Rs 4,471M	Dec 2021: Rs 360M

Company

Company Statement of Profit or Loss and Other Comprehensive Income

Revenue	Net Profit after Taxation
Dec 2022: Rs 639M	Dec 2022: Rs 386M
Dec 2021: Rs 473M	Dec 2021: Rs 306M

BUSINESS REVIEW

For the year ended 31 December 2022, the Group and the Company reported net profit after taxation of Rs481M and Rs386M respectively.

More details on the business review are included in the Executive Chairman' Statement and the Report of the Group Chief Financial Officer.

OUTLOOK

More details on the outlook are included in the Executive Chairman' Statement.

DIVIDEND

A final dividend of Rs1.50 per share (2021: Rs1.31 per share) was declared on 30 March 2022 and was paid in May 2022 in respect of the financial year ended 31 December 2021.

An interim dividend of Rs0.50 per share (2021: Rs0.50 per share) was declared on 29 July 2022 and was paid in September 2022 in respect of the financial year ended 31 December 2022.

On behalf of the Board of Directors

Twalha Dhunnoo

Executive Director & Group CFO

Jason Ah Teck

Executive Director

31 March 2023

OTHER STATUTORY DISCLOSURES

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001 AND SECTION 88 OF THE SECURITIES ACT 2005)

Principal Activities

Gamma Civic Ltd is an investment company holding investments in different sectors of activities in Mauritius.

Directors' and Senior Officers' Interests in Shares

Statement of Direct and Indirect Interest of insiders as at 31 December 2022:

	No. of Shares	
Names of Directors	**Direct**	**Indirect**
Boon Hui Chan	–	–
Jason Ah Teck	4,500	181,150
Jean-Claude Lam Hung	30,800	–
Marie Claire Chong Ah-Yan	1,980,830	3,869,317
Maurice Lam Pak Ng	–	–
Patrice Ah Teck	250,000	22,925,777
Paul Halpin	–	–
Tommy Ah Teck	–	23,175,777
Twalha Dhunnoo	–	–

Directors' Remuneration and Benefits

The split of the aggregate remuneration and benefits received and receivable by the Directors of the Company from the Company and its subsidiaries as disclosed in the Corporate Governance Report is as follows: Mr Tommy Ah Teck (23%), Mr Jason Ah Teck (20%), Mr Twalha Dhunnoo (11%), Mr Patrice Ah Teck (19%), Mr Boon Hui Chan (1%), Mr Marie-Claire Chong Ah-Yan (18%), Mr Paul Halpin (6%), Mr Jean-Claude Lam Hung (1%) and Mr Maurice Lam Pak Ng (1%).

Directors' service contracts

None of the Directors of the Company have service contracts with the Company.

Contract of Significance

The Company has no contract of significance with either a Director or a controlling shareholder.

Directors' Insurance

The Directors of Gamma Civic Ltd are insured under the Gamma Civic Ltd master policy directors and officer's liability insurance

Donations

The Company remains committed to CSR through the Gamma Foundation. For the year 2022, the Group and the Company contributed Rs1.1M as non-charitable donations over and above the statutory CSR.

Auditors' remuneration

The remuneration payable by the Company and its subsidiaries for audit and non-audit services for the financial year ended 31 December 2022 was as follows:

	Company Rs	Subsidiaries of the Company Rs
Audit Services	1,717,200	4,582,969

Non-audit Services	Audit Firm	Company Rs	Subsidiaries of the Company Rs
Tax review	Ernst & Young Ltd	40,000	460,172
Internal audit	KPMG Advisory Services Ltd	742,800	3,531,221

Twalha Dhunnoo
Executive Director & Group CFO

31 March 2023

Jason Ah Teck
Executive Director

SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES OF THE GROUP

(a) RESULTS

	2022 Rs	2021 Rs	2020 Rs
Turnover	6,991,695,998	5,507,670,199	4,617,082,109
Revenue	5,552,968,964	4,470,785,508	3,705,804,870
Operating Profit	346,953,121	294,177,412	255,625,173
Net impairment on Financial and Contract Assets	(51,259,057)	(11,843,910)	(5,615,457)
Fair Value Gain on Investment Properties	126,076,823	47,848,147	6,006,735
Finance costs	(102,824,615)	(71,407,319)	(49,104,696)
Share of Profits of Associates and Joint Ventures	225,816,734	144,940,782	75,433,351
Profit before Taxation	544,763,006	403,715,112	282,345,106
Taxation	(63,978,309)	(43,470,540)	(54,365,083)
Profit for the year	480,784,697	360,244,572	227,980,023
Profit attributable to:			
– Owners of the company	412,623,311	300,970,155	163,356,763
– Non-controlling interests	68,161,386	59,274,417	64,623,260
	480,784,697	360,244,572	227,980,023
Total comprehensive income attributable to:			
– Owners of the company	434,277,689	323,146,090	177,175,472
– Non-controlling interests	79,223,148	67,151,491	67,949,504
	513,500,837	390,297,581	245,124,976
Earnings per share (basic and diluted)	3.10	2.26	1.23

(b) ASSETS AND LIABILITIES

	2022 Rs	2021 Rs	2020 Rs
ASSETS			
Non-current assets	5,156,446,931	4,538,327,731	4,553,747,669
Current assets	2,689,367,837	2,749,621,877	1,705,741,200
Total assets	7,845,814,768	7,287,949,608	6,259,488,869
EQUITY AND LIABILITIES			
Owners' interests	3,689,448,767	3,521,073,722	3,440,444,863
Non-controlling interests	182,739,198	190,646,061	204,487,630
Total equity	3,872,187,965	3,711,719,783	3,644,932,493
Non-current liabilities	1,919,390,156	1,965,329,360	1,050,823,734
Current liabilities	2,054,236,647	1,610,900,465	1,563,732,642
Total equity and liabilities	7,845,814,768	7,287,949,608	6,259,488,869

05

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GAMMA CIVIC LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Gamma-Civic Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 64 to 136 which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Group and Company as at 31 December 2022, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") and other independence requirements applicable to performing audits of financial statements of the Group and Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and Company and in Mauritius. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements

The Key Audit Matter apply only to the audit of the Consolidated Financial Statements.

Key Audit Matter	How the matter was addressed in the audit
Recognition of contract revenue, margin, and related contract assets and receivables The construction industry is characterised by contract risk with significant judgements involved in the assessment of both current and future contractual performance. Revenue and margin are recognised using the output method namely surveys of performance completed to date of individual contracts. Refer to note 3 (q) for accounting policy on construction contracts as well as note 4 (critical judgments in applying the accounting policies), note 12 (trade receivables from contracts), note 19 (trade payables arising from contracts) and note 20 (revenue from contracts). The status of contracts is updated on a regular basis through cost meetings. During this process, management is required to exercise significant judgement in their assessment of the valuation of contract variations, claims and liquidated damages (revenue items); the completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales. Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and margin, which can be both positive and negative. For these reasons, we have considered the above as a key audit matter.	• We assessed the design of key controls over the recognition of contract revenue process. Such controls were tested to determine their operating effectiveness; • We attended cost meetings and inspected respective minutes forming a key part of the entity's risk process to fully challenge at a lower executive level, both new tenders and contract bids, and ongoing performance on existing contracts; • We selected a sample of contracts in order to challenge both current and future financial performance. Samples were selected based on a number of quantitative factors, as well as other randomly selected contracts; For sampled contracts, we challenged management's key judgements inherent in the forecasting of costs to completion that drives the accounting based on the value of work certified. This included: • a review of the contract terms and conditions by reference to contract documentation; • testing the existence and valuation of claims and variations both within contract revenue and contract costs via inspection of correspondence with customers and the supply chain; • a review of legal and experts' reports received on contentious matters; • discussions with project managers, quantity surveyors and finance team in respect of all significant contracts to understand the progress to-date, any issues foreseen on those contracts and estimated efforts to satisfy the performance obligations under the contracts and corroboration of these discussions with the accrued costs computed by the management for each contract; • an assessment of the ability to deliver contracts within budgeted timescales and any exposures to liquidated damages for late delivery of contract works; and the ability to identify and determine foreseeable loses on contracts; • a review of post-balance sheet certification from clients' quantity surveyors; • performing multiple site visits to corroborate findings as per the cost meetings and minutes of major contracts; • reviewing significant deviations from original revenue, cost and margin estimates, obtaining appropriate explanation from management for such deviations and evaluation of the impact on the revenue recognition; • Scrutinising all contracts which were closed during the year to consider their profitability and to compare with previous forecasts of those same contracts in order to assess management's ability to estimate cost of completion;

No KAM has been identified on separate financial statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GAMMA CIVIC LTD continued

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS continued

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "GAMMA CIVIC LTD FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022", which includes the Corporate Governance Report, Statement of Compliance, Statement of Directors' Responsibilities, Secretary's Certificate, Directors' Report and Other Statutory Disclosures as required by the Companies Act 2001, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group and 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 intends to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

Use of our report

This report is made solely to the Company's shareholders, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

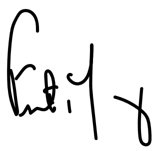
We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all the 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.

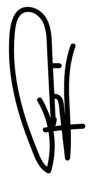
Financial Reporting Act 2004

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



ERNST & YOUNG
Ebène, Mauritius

31 March 2023



DARYL CSIZMADIA, C.A. (S.A)
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

At 31 December 2022

	Notes	GROUP 2022 Rs	GROUP 2021 Rs	COMPANY 2022 Rs	COMPANY 2021 Rs
ASSETS					
NON-CURRENT ASSETS					
Property, Plant and Equipment	5	1,485,666,511	1,488,780,701	346,741,883	350,511,902
Intangible Assets	6	901,767,318	885,823,747	840,822	1,212,444
Investments in Subsidiaries	7	–	–	1,580,721,262	1,579,043,259
Investments in Associates and Joint Ventures	8	1,045,757,285	842,551,611	127,019,652	53,245,640
Investment Properties	9	1,479,295,725	1,243,395,926	–	–
Other Financial Assets	10(a)	142,160,670	–	142,160,670	–
Deferred Tax Assets	17(b)	47,743,183	22,032,354	–	–
Contract Assets	12	46,665,143	47,785,214	–	–
Non-Current Receivables	31	7,391,096	7,958,178	490,114	490,114
		5,156,446,931	4,538,327,731	2,197,974,403	1,984,503,359
CURRENT ASSETS					
Inventories	11	347,605,404	407,006,047	–	–
Contract Assets	12	625,015,052	589,004,870	–	–
Trade and Other Receivables	12(a)	449,953,748	453,700,603	64,753,209	76,961,952
Amounts due from Subsidiaries	28(d)(i)	–	–	406,572,025	370,746,268
Other Financial Assets	10 (b)	149,570,556	–	149,570,556	–
Current Tax Assets	17(a)	1,181,398	7,986,147	1,080,094	6,553,635
Cash and Cash Equivalents	26	1,116,041,679	1,124,524,210	429,932,509	650,372,279
		2,689,367,837	2,582,221,877	1,051,908,393	1,104,634,134
Assets classified as held for sale	32	–	167,400,000	–	–
		2,689,367,837	2,749,621,877	1,051,908,393	1,104,634,134
TOTAL ASSETS		7,845,814,768	7,287,949,608	3,249,882,796	3,089,137,493
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Stated Capital	13	133,250,000	133,250,000	133,250,000	133,250,000
Share Premium		86,482,579	86,482,579	86,482,579	86,482,579
Other Reserves		3,469,716,188	3,301,341,143	1,408,403,519	1,284,354,207
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		3,689,448,767	3,521,073,722	1,628,136,098	1,504,086,786
NON-CONTROLLING INTERESTS	7(d)	182,739,198	190,646,061	–	–
TOTAL EQUITY		3,872,187,965	3,711,719,783	1,628,136,098	1,504,086,786
NON-CURRENT LIABILITIES					
Borrowings	14	1,398,612,367	1,478,592,985	1,235,187,776	1,294,896,175
Trade and other payables	19	64,536,903	97,687,596	–	–
Contract Liabilities	19(a)	41,290,500	40,465,184	–	–
Lease Liabilities	15	224,418,469	199,997,573	12,903,825	17,545,957
Retirement Benefit Obligations	16(c)	103,485,713	71,684,858	18,464,000	12,175,000
Deferred Tax Liabilities	17(b)	87,046,204	76,901,164	6,408,000	8,929,000
		1,919,390,156	1,965,329,360	1,272,963,601	1,333,546,132
CURRENT LIABILITIES					
Bank Overdrafts	18/26	221,143,909	16,748,011	–	–
Borrowings	14	267,404,374	262,042,787	83,125,069	37,472,901
Lease Liabilities	15	36,179,927	38,927,602	3,825,037	3,785,383
Trade and Other Payables	19	1,259,134,941	1,134,637,891	107,450,270	110,092,813
Contract Liabilities	19(a)	214,926,630	146,566,681	–	–
Amounts due to Subsidiaries	28(d)(ii)	–	–	154,382,721	100,153,478
Current Tax Liabilities	17(a)	55,446,866	11,977,493	–	–
		2,054,236,647	1,610,900,465	348,783,097	251,504,575
TOTAL LIABILITIES		3,973,626,803	3,576,229,825	1,621,746,698	1,585,050,707
TOTAL EQUITY AND LIABILITIES		7,845,814,768	7,287,949,608	3,249,882,796	3,089,137,493

Approved by the Board of Directors and signed on its behalf on 31 March 2023

Twalha Dhunnoo
Executive Director & Group CFO

Paul Halpin
Lead Independent Director

The notes on pages 71 to 136 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Notes	GROUP 2022 Rs	GROUP 2021 Rs	COMPANY 2022 Rs	COMPANY 2021 Rs
Turnover	20	6,991,695,998	5,507,670,199	639,049,692	473,439,135
Revenue	20	5,552,968,964	4,470,785,508	639,049,692	473,439,135
Operating Profit	21	346,953,121	294,177,412	443,890,338	340,946,285
Net Impairment (Charge)/Reversal on Financial and Contract Assets		(51,259,057)	(11,843,910)	–	554,162
Fair Value Gain on Investment Properties	9	126,076,823	47,848,147	–	–
Finance costs	22	(102,824,615)	(71,407,319)	(54,115,204)	(35,050,486)
Share of Profits of Associates and Joint Ventures	8(a)	225,816,734	144,940,782	–	–
Profit before Taxation		544,763,006	403,715,112	389,775,134	306,449,961
Taxation	17(a)	(63,978,309)	(43,470,540)	(3,876,046)	(606,028)
PROFIT FOR THE YEAR		480,784,697	360,244,572	385,899,088	305,843,933
OTHER COMPREHENSIVE INCOME					
Items that will not be classified subsequently to Profit or Loss:					
Gain on Revaluation of Property	5(c)	27,358,320	21,961,131	3,940,679	2,055,275
Deferred Tax on Gain on Revaluation of Property	17(b)	(3,205,914)	(3,702,920)	741,085	(349,397)
Share of Gain on Property Revaluation of Associates and Joint Venture	8(a)	6,318,897	4,227,028	–	–
Remeasurement of Actuarial Gain/(Loss) on Retirement Benefit Obligations	16(f)	356,979	3,196,312	(38,000)	1,172,000
Deferred Tax on Remeasurement of Retirement Benefit Obligations	17(b)	(51,166)	(523,483)	6,460	(199,240)
Remeasurement of Actuarial (Loss)/Gain on Retirement Benefit Obligations in Associates & Joint Venture, net of Deferred Tax	8(a)	(3,487,729)	2,480,701	–	–
Items that may be reclassified subsequently to Profit or Loss:					
Foreign Currency Translation Reserves Movement		5,426,753	2,414,240	–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR		32,716,140	30,053,009	4,650,224	2,678,638
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		513,500,837	390,297,581	390,549,312	308,522,571
PROFIT ATTRIBUTABLE TO:					
Owners of the Company		412,623,311	300,970,155	385,899,088	305,843,933
Non-Controlling Interests		68,161,386	59,274,417	–	–
		480,784,697	360,244,572	385,899,088	305,843,933
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		434,277,689	323,146,090	390,549,312	308,522,571
Non-Controlling Interests		79,223,148	67,151,491	–	–
		513,500,837	390,297,581	390,549,312	308,522,571
EARNINGS PER SHARE (Basic and Diluted)	24	3.10	2.26		

The notes on pages 71 to 136 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2022

Group

	Stated Capital Rs	Share Premium Rs	Revaluation Reserve Rs	Foreign Currency Translation Reserves Rs	Retained Earnings Rs	Attributable to Owners of the Parent Rs	Non-Controlling Interests Rs	Total Rs
Balance at 1 January 2021	133,250,000	86,482,579	432,368,085	55,187,674	2,733,156,525	3,440,444,863	204,487,630	3,644,932,493
Revaluation Surplus of Associate Realised on Depreciation of Property	–	–	(3,587,116)	–	3,587,116	–	–	–
Revaluation Surplus Realised on Disposal of Property and on Depreciation	–	-	(5,340,715)	-	5,340,715	–	–	–
Profit for the Year	–	-	–	-	300,970,155	300,970,155	59,274,417	360,244,572
Other Comprehensive Income for the Year	–	-	18,181,633	(280,847)	4,275,149	22,175,935	7,877,074	30,053,009
Total Comprehensive Income for the Year	–	-	18,181,633	(280,847)	305,245,304	323,146,090	67,151,491	390,297,581
Change in ownership without loss of control (Note 34)	–	-	–	(623,611)	(711,120)	(1,334,731)	1,334,731	–
Shares issued to Non-Controlling Interests (Note 34) *	–	-	–	-	–	–	3,056,250	3,056,250
Dividend (Note 23)	–	-	–	-	(241,182,500)	(241,182,500)	(85,384,041)	(326,566,541)
Balance at 31 December 2021	133,250,000	86,482,579	441,621,887	54,283,216	2,805,436,040	3,521,073,722	190,646,061	3,711,719,783
Revaluation Surplus of Associate Realised on Depreciation of Property	–	–	(3,662,190)	–	3,662,190	–	–	–
Revaluation Surplus Realised on Disposal of Property and on Depreciation	–	–	(6,628,678)	–	6,628,678	–	–	–
Profit for the Year	–	–	–	–	412,623,311	412,623,311	68,161,386	480,784,697
Other Comprehensive Income for the Year	–	–	25,460,936	5,426,752	(9,233,310)	21,654,378	11,061,762	32,716,140
Total Comprehensive Income for the Year	–	–	25,460,936	5,426,752	403,390,001	434,277,689	79,223,148	513,500,837
Change in ownership without loss of control (Note 34)	–	–	–	–	597,356	597,356	(725,641)	(128,285)
Dividend (Note 23)	–	–	–	–	(266,500,000)	(266,500,000)	(86,404,370)	(352,904,370)
Balance at 31 December 2022	133,250,000	86,482,579	456,791,955	59,709,968	2,953,214,265	3,689,448,767	182,739,198	3,872,187,965

* In FY 2021, a subsidiary issued additional shares to Non-Controlling interests.

The notes on pages 71 to 136 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2022

Company

	Stated Capital Rs	Share Premium Rs	Revaluation Reserve Rs	Retained Earnings Rs	Total Rs
Balance at 1 January 2021	133,250,000	86,482,579	286,748,698	930,265,438	1,436,746,715
Revaluation Surplus Realised on Disposal of Property and on Depreciation	–	–	(1,692,358)	1,692,358	–
Profit for the Year	–	-	–	305,843,933	305,843,933
Other Comprehensive Loss for the Year	–	-	1,705,878	972,760	2,678,638
Total Comprehensive Income for the Year	–	-	1,705,878	306,816,693	308,522,571
Dividend (Note 23)	–	-	–	(241,182,500)	(241,182,500)
Balance at 31 December 2021	133,250,000	86,482,579	286,762,218	997,591,989	1,504,086,786
Revaluation Surplus Realised on Depreciation	–	–	(2,429,314)	2,429,314	–
Profit for the Year	–	–	–	385,899,088	385,899,088
Other Comprehensive Income for the Year	–	–	4,681,764	(31,540)	4,650,224
Total Comprehensive Income for the Year	–	–	4,681,764	385,867,548	390,549,312
Dividend (Note 23)	–	–	–	(266,500,000)	(266,500,000)
Balance at 31 December 2022	133,250,000	86,482,579	289,014,668	1,119,388,851	1,628,136,098

The notes on pages 71 to 136 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

	Notes	GROUP 2022 Rs	GROUP 2021 Rs	COMPANY 2022 Rs	COMPANY 2021 Rs
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before Tax		544,763,006	403,715,112	389,775,134	306,449,961
Adjustments for:					
Depreciation of Property, Plant and Equipment	5	87,646,917	67,896,283	4,124,141	4,103,546
Depreciation of Right-of-Use assets	5(g)	50,043,033	47,252,065	3,735,084	3,933,762
Amortisation of Intangible Assets	6(a)	18,706,458	7,304,821	620,022	606,222
Net Impairment Charge/(Reversal) on Financial and Contract Assets	12(a)	51,259,057	11,843,910	–	(554,162)
Net Impairment of Investments in Subsidiaries		–	–	14,337,032	660,080
Write back of payables upon winding up of subsidiaries		–	–	(16,599,482)	–
Impairment of goodwill	6	–	25,855,314	–	–
Reversal of Provision for Slow Moving Inventories	21	(4,967,996)	(45,090)	–	–
Net Foreign Exchange Differences		(12,038,809)	(11,849,641)	5,055,698	(7,537,856)
Interest Expense	22	102,824,615	71,407,319	54,115,204	35,050,486
Interest Income	21	(9,276,322)	(2,269,347)	(22,490,340)	(7,093,717)
Dividend Income	20	–	–	(462,818,128)	(330,393,779)
Non-cash Element of Retirement Benefit Expense	16(e)	40,424,552	12,569,307	6,504,000	3,400,000
Profit on Disposal of Property, Plant and Equipment	21	(1,669,651)	(8,796,074)	(21,043)	(8,796,074)
Profit on Disposal of Investment Property	21	–	(15,564,750)	–	–
Amortisation of Land Lease Payment		480,911	480,910	–	–
Profit on disposal of Subsidiary to Group Company	21	–	–	–	(469,009)
Impairment Loss on revaluation of Buildings		–	1,300,000	–	–
Net Gain from Fair Value adjustment on Investment Properties	9	(126,076,823)	(47,848,147)	–	–
Share of Profit of Associates and Joint Venture	8(a)	(225,816,734)	(144,940,782)	–	–
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		516,302,214	418,311,210	(23,662,678)	(640,540)
Decrease/(Increase) in Inventories		64,368,639	(156,900,855)	–	–
(Increase)/Decrease in Non-Current Receivables, Contract Assets, and Trade and Other Receivables		(86,941,901)	(225,068,773)	13,006,438	5,604,333
Increase in Amount due from Subsidiaries		–	–	(35,825,757)	(340,144,218)
Increase/(Decrease) in Contract Liabilities, and Trade and Other Payables		161,657,817	(2,647,922)	(992,928)	(13,624,287)
Increase/(Decrease) in Amount due to Subsidiaries		–	–	69,608,554	(2,730,000)
Decrease in Retirement Benefits Obligations	16(c)	(8,266,718)	(1,220,000)	(253,000)	–
CASH GENERATED FROM/(USED IN) OPERATIONS		647,120,050	32,473,660	21,880,629	(351,534,712)
Interest Paid		(102,824,615)	(70,275,686)	(52,218,915)	(33,918,853)
Dividend Received	8(a)	99,216,240	140,647,427	462,818,128	330,393,779
Income Tax Paid	17(a)(iii)	(32,527,056)	(64,939,040)	(175,780)	(14,819,835)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		610,984,619	37,906,361	432,304,062	(69,879,621)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

	Notes	GROUP 2022 Rs	GROUP 2021 Rs	COMPANY 2022 Rs	COMPANY 2021 Rs
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment	25	(68,171,493)	(92,433,631)	(1,692,152)	(1,309,022)
Purchase of Intangible Assets	6	(34,602,058)	(82,878,745)	(248,400)	–
Proceeds from Disposal of Property, Plant and Equipment		2,233,946	–	21,043	–
Proceeds from Disposal of Assets classified as held for sale		171,000,000	–	–	–
Investment in financial asset at FVTPL		(137,054,000)	–	(137,054,000)	–
Investment in financial asset at amortised cost		(150,000,000)	–	(150,000,000)	–
Investment in Joint venture		(73,774,012)	–	(73,774,012)	–
Proceeds from Disposal of Subsidiaries		–	–	–	3,946,109
Additions to Investment Properties		(82,093,747)	(8,036,335)	–	–
Decrease in Non-current Amount due from Subsidiaries		–	–	69,547,365	15,010,080
Increase in Non-current Amount due from Subsidiaries		–	–	(85,064,000)	(53,893,570)
Interest Received		9,276,322	2,269,347	15,323,533	7,093,717
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(363,185,042)	(181,079,364)	(362,940,623)	(29,152,686)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend Paid to Owners of the Company	23	(266,500,000)	(241,182,500)	(266,500,000)	(241,182,500)
Dividend Paid to Non-controlling Interests		(86,404,370)	(85,384,041)	–	–
Shares issued to Non-Controlling Interests		–	3,056,250	–	–
Proceeds from Borrowings		592,607,548	401,364,033	–	–
Repayment of Loans		(667,226,579)	(423,222,051)	(14,220,301)	(120,619,264)
Proceeds from Bond, net of expenses		–	992,640,000	–	992,640,000
Repayments under Lease Agreements		(44,775,306)	(40,255,918)	(3,609,102)	(3,571,687)
NET CASH FLOWS GENERATED FROM/ (USED IN)/FROM FINANCING ACTIVITIES		(472,298,707)	607,015,773	(284,329,403)	627,266,549
NET INCREASE IN CASH AND CASH EQUIVALENTS		(224,499,130)	463,842,770	(214,965,964)	528,234,242
Net Foreign Exchange Differences		11,620,701	14,399,282	(5,473,806)	7,484,151
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,107,776,199	629,534,147	650,372,279	114,653,886
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	894,897,770	1,107,776,199	429,932,509	650,372,279

The notes on pages 71 to 136 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

1. INCORPORATION AND ACTIVITIES

The consolidated financial statements of Gamma Civic Ltd and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 31 March 2023. Gamma Civic Ltd (the "Company") is a public company incorporated in Mauritius and listed on the Official Market of the Stock Exchange of Mauritius Ltd. Its registered office is situated at Royal Road, Chapman Hill, Beau Bassin, Mauritius. The Company operates as an investment holding company. The Group operates in the following business segments: building materials, contracting, investments, lottery, corporate services and others. Its principal place of business is situated at Silver Bank Tower, Bank Street, Cybercity, Ebene, Mauritius.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following standards and amendments were applicable for the first time in 2022 but did not have an impact on the Financial Statements of the Group and the Company.

	Effective for accounting period beginning on or after
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use	1 January 2022
Amendments to IFRS 9 Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IAS 37 Onerous Contracts - Costs of fulfilling a Contract	1 January 2022
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
Amendments to IFRS 16 Leases – Treatment about lease incentives	1 January 2022
Amendments to IAS 41 Agriculture – Taxation in fair value measurements	1 January 2022

2.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

New and amended standards and interpretations have been issued, but not yet effective up to the date of issuance of the Group's financial statements and those that are relevant to the Group and the Company are listed below. The Group intends to adopt them when they become effective.

	Effective for accounting period beginning on or after
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS 2 Practice Statement 2 – Disclosures of Accounting Policies	1 January 2023
Amendments to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Note 1

Note 1: In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

These amendments are not expected to have a significant impact on the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment, investment properties and certain financial instruments. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The consolidated financial statements are presented in Mauritian Rupee and all values are rounded to the nearest Mauritian Rupee, except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES continued

(a) Basis of Preparation continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

In the Company's financial statements, investments in subsidiaries are stated at cost, less any impairment loss.

Non-Current amounts due from subsidiaries are classified as Investment in Subsidiaries by the Company as these amounts are unsecured and management does not intend to recall any amount within the next twelve months. These amounts are in substance an extension of the equity investments in these subsidiaries so that the amounts are stated at nominal value.

(c) Investments in Associates and Joint Venture

Associates are those companies which are not subsidiaries, over which the Group exercises significant influence and in which it holds a long-term equity interest. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in associates and joint venture are accounted for at cost in the Company's accounts and under the equity method of accounting in the Group accounts from the date on which investee becomes an associate or a joint venture. Under the equity method, the Group's share of the associates' and joint venture's profit or loss for the year is recognised in the Statements of Profit or Loss and Other Comprehensive Income and the Group's interest in the associate and joint venture is carried in the Statements of Financial Position at an amount that reflects its share of the net assets of the associates and joint venture.

When the Group's share of losses of an associate of joint venture exceeds the Group's interest in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate and joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment on an annual basis as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the Statements of Profit or Loss and Other Comprehensive Income.

(d) Basis of Consolidation

The consolidated financial statements include the results of the Company and its subsidiaries which are controlled by the Company. Control is achieved by the Company when:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the Statements of Profit or Loss and Other Comprehensive Income from the date of their control is acquired or up to the date when control is lost.

Specifically, income and expenses of a subsidiary acquired or Company loses control of the subsidiary disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the Company, other vote holders or other parties
- rights arising from other contractual arrangement; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(e) Business Combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of change in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Statements of Profit or Loss and other Comprehensive Income.

Goodwill is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES continued

(f) Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost.

Land and buildings are subsequently shown at revalued amounts less accumulated depreciation. Revaluations are made by independent professional valuers. Under the revaluation model, assets will be carried at revalued amount less accumulated depreciation and subsequent accumulated impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Surpluses arising on revaluation are credited to revaluation reserve. Deficits that offset previous surpluses of the same asset are charged against the revaluation reserve in Other Comprehensive Income. All other deficits are charged to the Statements of Profit or Loss and Other Comprehensive Income in Profit or Loss.

Property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is calculated to write off the cost or revalued amount of property, plant and equipment, with the exception of freehold land and property, plant and equipment in progress, on a straight line basis over the expected useful lives of the assets concerned.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in Statements of Profit or Loss and Other Comprehensive Income.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

The principal annual rates used for the purpose are:

Leasehold Improvements	2% to 20%
Freehold Buildings	2% to 20%
Plant and Machinery	10% to 50%
Motor Vehicles	20%
Furniture, Fittings and Equipment	10% to 33 1/3%
Rights-of-use assets	2% to 20%

No depreciation is provided on freehold land and on work in progress.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and Other Comprehensive Income when the asset is derecognised.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(ii) Computer Software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible assets. The software is capitalised at cost and amortised over its estimated useful life. The principal annual rates used for the purpose are 20% to 33 1/3%.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis. The cost of inventories comprises all costs of purchase, costs of conversion and other costs, including a proportion of relevant overheads, incurred in bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. The main inventory item for the Group consists of cement which the Group purchases in bulk and packs for resale to customers. The bulk cement is disclosed as raw materials and the packed cement as finished goods.

(i) Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash in hand at banks, trade and other receivables, bank notes and intercompany receivables.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group includes in this category cash in hand at banks, trade and other receivables, notes and intercompany receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES continued

(i) Financial Instruments continued

Subsequent measurement continued

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The losses arising from impairment are recognised in the Statement of Profit or Loss and Other Comprehensive Income in Profit or Loss.

Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at Financial assets through profit or loss (FVTPL). Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes debt instruments which are mandatorily classified at FVTPL since the business model is not 'hold to collect' or 'hold to collect and sell'. Refer to Note 10(a).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired.

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all trade receivables and contract assets. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive.

For contract assets, the Group applies a simplified approach in calculating ECLs. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group makes use of the roll rate methodology. It predicts the probability of default based on delinquency and calculates the percentage of debtors' balance in each bucket that deteriorate to the next bucket in the following month. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The information about the ECLs on the Group's trade receivables is disclosed in Note 12.

For all the other financial instruments where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that results from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Write-off of financial assets

The Group assesses any write-off to be made on trade receivables, contract assets and amount due from related parties on a case to case basis when there is sufficient evidence that the amount receivable will no longer be recoverable.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, lease liabilities, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, lease liabilities and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method unless the effect of discounting would be immaterial in which case they are stated at cost.

Loans and borrowings and lease liabilities

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit or loss.

This category includes interest bearing loans including bank overdrafts.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit or loss.

(j) Offsetting of Financial Instruments

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

(k) Taxation

Income tax expense represents the sum of the tax currently payable, deferred tax and Corporate Social Responsibility.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES continued

(k) Taxation continued

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated Statements 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 Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred taxation

Deferred taxation is provided for on the comprehensive basis using the liability method.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

(iii) Corporate Social Responsibility

The Group is required to allocate 2% of its chargeable income of the preceding financial year to Government approved Corporate Social Responsibility (CSR) projects.

The required CSR charge for the current year is recognised as income tax expense in profit or loss. The net amount of CSR fund payable to the taxation authority is included as income tax payable in the statement of financial position.

(l) Leases

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.

Lessee

The Group considers whether a contract is or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use assets are measured at cost for those which are classified under Property, Plant & Equipment, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicators exist.

The right-of-use assets which are classified as Investment Properties are measured at fair value. Initial cost is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent re-measurements are taken to Profit or Loss.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(m) Investment Properties

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

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(n) Foreign Currency Translation

Transactions in foreign currencies are translated into the functional and presentation currency, Mauritian rupees, at the rates of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies in the Statements of Financial Position are translated into Mauritian rupees at the rates of exchange ruling at the Statements of Financial Position date, and any differences in exchange arising are taken to the Statements of Profit or Loss and Other Comprehensive Income.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Mauritian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES continued

(o) Turnover

Turnover is proceeds from ticket sales and the aggregate of revenue from all sales of goods and services, rental income, dividend income and other contract work executed less discounts, allowances and returns.

(p) Revenue Recognition

Revenue from contract with customers

Revenue is based on invoiced values, net of value added tax, of all sales of goods and services, proceeds from ticket sales net of prizes, sale of building materials and other contract work executed less discounts, allowances and returns.

Revenue from sales of goods and services is recognised when goods are delivered and title has passed and the services have been rendered.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts as per note 3(q).

Revenue from lottery consist of sale of tickets, which are the wagers placed on lottery tickets on the Group's draw-based game, net of prizes.

Revenue from sales of building materials represents sales of cement, classified as bulk and bag. The performance is recognised at a point in time when control of the goods has transferred to the customer and the transactions price has already been set. As per condition of sales no alterations and cancellation of orders can be made once goods and services have been delivered, this is generally when the goods are delivered to the customers. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

The Group's revenue recognition occurs at the point in time when the draw has been held and the results have been certified by the Gambling Regulatory Authority. Where players wager in advance, the income is deferred and recorded as contract liabilities, until the draw has taken place when it is then recognised as revenue in the statement of profit or loss and other comprehensive income.

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and Value Added Tax.

Other Revenue

Interest income is recognised when the income can be reliably measured and on a time basis, unless collectability is in doubt. Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included under operating profit in the statement of profit or loss.

Dividend income from equity investments is recognised when the shareholders' rights to receive payment have been established.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(q) Construction Contracts

The Group is involved in the construction industry and produces asphalt for resale. Revenue from contracts with customers is recognised when the control of goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

The Group principally generates revenue from its construction activities such as building of infrastructures, roads and minor civil constructions. The Group has established that it has one performance obligation in contracts entered with clients.

The Group recognises revenue from its construction contracts over time, using an output method to measure progress towards completion of the asset promised, because the customer simultaneously receives and consumes the benefits provided by the Company. Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods transferred to date relative to the remaining goods promised under the contract.

The Group believes that the output method faithfully depicts the Company's performance towards complete satisfaction of the performance obligation. The Group uses surveys of performance completed to date to determine the amount of revenue to be recognised.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(ii) Significant financing components in respect of advances from its customers

Generally, the Group receives advances from its customers which are classified as short term and long term advances and classified as current or non-current contract liabilities. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Based on the nature of the goods and services offered and the purpose of payment terms, the Group determined that for the vast majority of the contracts that require customers to pay long-term advances, the payment terms were structured primarily for reason other than the provision of finance to the Group, i.e. advances are generally required from new customers, as well as customers with a history of late payments, they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer pays for the goods and the Group transfers goods to the customer is relatively short. Therefore, the Group has concluded that there is no significant financing component in these contracts.

Sale of asphalt

Revenue from sale of asphalt is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asphalt. The normal credit term is 60 days upon delivery.

Progress billings

Progress billings are invoices requesting payment for work completed till date. Progress billings are prepared and submitted for payment at each month end for all projects. Generally, the Company performs its surveys of work completed at each month end and issues a draft invoice to the customers for approval.

(iii) Non contracting revenue

Revenue from the sale of asphalt and testing of materials is recognised when the control of goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

(r) Contract Balances

(i) Contract asset

A contract asset is the right to consideration in exchange of goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section e.

(iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(s) Retirement Benefit Obligations

Retirement Benefits in respect of The Workers' Rights Act 2019

The present value of retirement benefits in respect of The Workers' Rights Act 2019 is recognised in the Statement of Financial Position as a non-current liability. The valuation of the obligations is carried out annually by a firm of qualified actuaries.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from past experience adjustments and changes in actuarial assumptions are either charged or credited in Other Comprehensive Income in the period in which they arise. Past-service costs are recognised immediately in Profit or Loss when incurred.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in Profit or Loss.

Defined Contribution

The Group and the Company operate a defined contribution pension plan for all qualifying employees. The funds are managed by an independent management committee. Where employees leave the plan in prior to full vesting of the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions. Any residual gratuities under the Workers' Rights Act 2019 for the qualifying employees after allowing for permitted deduction in respect of the pension plan are included in retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES continued

(s) Retirement Benefit Obligations continued

Payments to the defined contribution pension plan are recognised as an expense when employees have rendered service entitling them to the contributions.

State plan

Contributions to the National Pension Scheme are expensed to the Statement of Profit or Loss in the period in which they fall due.

(t) Borrowing Costs

Borrowing costs attributable to the acquisition of plant and machinery and construction of buildings, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the respective assets until such time as the asset are substantially ready for their intended use or sale.

All other borrowing costs are recognised in Statements of Profit or Loss and other Comprehensive Income in the period they are incurred.

(u) Dividend Declared

Dividend declared is recognised directly in the Statement of Changes in Equity as a reduction in Retained Earnings when declared. A corresponding liability is accounted in the Statement of Financial Position for amounts not yet paid at year end.

(v) Impairment of Non-Financial Asset

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(w) Accruals

Accruals are recognised when the Group has not yet received invoices for a good or service that has already been supplied and it is expected that the Group will fulfil its responsibility towards the supplier.

(x) Prizes

The draw-based game is operated under a prize pool mechanism under which a predetermined percentage of the ticket sales is allocated to prizes. To the extent that the actual prizes won on the draw vary from the predetermined percentage, the relevant prize is carried forward under a rollover to subsequent draws.

The liability for prizes is recognised at the time of the draw in line with the predetermined percentage for that game. Prizes are net-off against gross lottery ticket sales in the Statement of Profit or Loss and Other Comprehensive income.

If prizes remain unclaimed for 184 days from the date of the draw-based game, the unclaimed prizes are remitted to the National Solidarity Fund.

(y) Consolidated Fund

The Group has a legal requirement to contribute a set proportion of net proceeds from lottery games to the Consolidated Fund managed by the Government of Mauritius.

The amount of Consolidated Fund represents the predetermined percentage of gross ticket sales net of prizes.

(z) Retailers' and Other Commissions

The Group pays commissions to third party retailers who act as agents of the Group under a standard commission structure, fixed at a percentage of total sales. In addition, validation commission is paid on prizes. A similar commission structure is applicable for the Field Sales and Technical Representatives in Rodrigues.

(aa) Cash and Cash Equivalents

Cash comprises cash at bank and in hand and demand deposits net of bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(ab) Assets classified as held for Sale

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

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

Property, plant and equipment and intangible assets are neither depreciated nor amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

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

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

or

- is a subsidiary acquired exclusively with a view to resale

(ac) Government Grants and Covid-19 Levy

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government Wage Assistance Scheme (GWAS) was introduced in March 2020 and was given during the months of lockdown. GWAS meets the definition of government grants under IAS 20. GWAS is recognised as an income over the periods for which the Company incur the related costs for which the grants are intended.

The Government introduced the Covid-19 levy after the GWAS. The Covid-19 levy is an obligating event arising upon the making of the taxable profit. Repayment of the grant (COVID-19 Levy) is contingent on the chargeable income of the entity over the current and next years and is recognised in profit or loss, when the profit arises. The grant is shown net of the COVID-19 Levy.

(ad) Stated Capital

Stated capital comprises ordinary shares.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

(ae) Segment Reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

(af) Contingent Asset

A contingent asset is disclosed where an inflow of economic benefits is probable.

(ag) Contingent Liabilities

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

3. SIGNIFICANT ACCOUNTING POLICIES continued

(ah) Current versus Non-current Classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(ai) Fair Value Measurement

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Management determines the policies and procedures for both recurring fair value measurement, such as Freehold land & buildings, investment properties and unquoted financial assets at fair value through OCI.

Professional external valuers are involved for valuation of significant assets, such as freehold land & buildings and investment properties. Involvement of external valuers is determined annually by Management. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

4.1. CRITICAL ACCOUNTING JUDGEMENTS

(a) Construction contracts

Identifying performance obligation in contracts

The Group provides construction services to its customers. The Group has established that it has one performance obligation in its contracts with its customers. The Group performs several tasks within a single contract such as excavation works and use of its machineries and labour (including its quantity surveyors, contract managers and engineers) to build the asset. The Group has established that these tasks do not represent separate promises in the contract and are necessary for the completion of the promised asset to the customer and thus the Group has one performance obligation.

Determining the timing of satisfaction of construction services

The Group concludes that revenue for the construction contracts is to be recognised over time because:

(i) the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another Group would not need to re-perform the construction work completed by the Group demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

(ii) the Group's performance creates an asset that the customer controls as the asset is created.

(iii) the Group's performance does not create an asset with an alternative use to the Group and as per the contract terms the Group has an enforceable right to payment for the performance completed to date.

In all contracts entered by the Group and its customers, the Group performs construction works on land that is owned by the customers. Therefore, as the Group performs its obligations as per the contract, the customers receive and consume the benefits of the work that has been completed. In addition, since the customers own the land, the customers control the asset being created and the Group cannot sell the work that has been performed to other customers.

Revenue recognition

Revenue is recognised based on output method of individual contracts. The output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The survey of work performed is believed to faithfully depict the entity's performance towards satisfaction of its performance obligation. The Group signs a bill of quantities (BOQ) with the customer and the contract terms stipulate that the Group can make monthly claim based on the amount of work that has been completed till date based on the prices and quantities that have been agreed in the BOQ. Based on what has been agreed with the customers, the Group determines that the output method is the best method for measuring revenue.

Contract variations

Contract variations are recognised as revenues to the extent that it is probable that they will result in revenue which can be reliably measured. The Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Loss making and onerous contracts

In determining whether a contract is loss making or onerous, management applies their professional judgement to assess the facts and circumstances specific to the relevant contract. The assessments are performed on a contract-by-contract basis. The following factors are taken into account: future estimated revenues (including claims and variations), the stage of completion, the nature and relationship with the customer, expected inflation, the terms of contract and the Company's experience in that industry.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.1. CRITICAL ACCOUNTING JUDGEMENTS continued

(b) Revenue from lottery

The Group assesses its revenue arrangement on the operation of the lottery segment and determined that it is the principal as it controls the service before it is transferred to the customer. The primary responsibility for fulfilling the promise to provide the service toward the customers resides with the Group. The Group underwrites the jackpots and other prize money for the game and bears the risk associated with guaranteed jackpots. The Group is liable under the Civil Code should it default in making payment to the winners of the draw. The Group also bears the risk associated with prize pool and has no recourse to any other party in the event that it suffers losses in fulfilling its responsibilities under its gaming licence.

(c) Valuation of lease liabilities and right-of-use assets

The application of IFRS 16 requires the Group to make judgements that affect the valuation of the lease liabilities (note 15) and the valuation of right-of-use assets (notes 5 and 9). These include determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease terms determined by the Group generally comprise non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets.

The present value of the lease payment is determined using the discount rate representing the rate of interest rate applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

(d) Investment in subsidiary companies

Determination whether the Group has de facto control over an investee. Subsidiaries are all entities, including structured entities, over which the group has control. The group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. For entities where effective holding is less than 50%, management ensures that control is exercised through board representations.

(e) Investment in joint ventures

Significant judgements and assumptions are made in determining whether an entity has joint control and the type of joint arrangement. In considering the classification, management considers whether control exists, the nature and structure of the relationship and other facts and circumstances.

4.2 KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Going concern assessment

The Company has interests in entities which are involved in several segments, namely Building Materials, Contracting, Property Investments and Lottery. The Company also has an associate in the hospitality segment.

All clusters have demonstrated financial resilience and recovered from the lockdown impact in 2020 and 2021 given their strong market positions and established presence.

The Directors consider that the Company has sufficient and adequate financial resources comprising of cash balances of Rs 429M and undrawn bank overdraft facilities in order to meet any short-term obligations. Therefore, the financial statements continue to be prepared on the going concern basis.

The Group's associate, Morning Light Co. Ltd, owns and operates the Hilton Resort & Spa Mauritius. The re-opening of the borders in October 2021 has a positive impact on the cash flows of the Company despite the absence of Wages assistance scheme as from January 2022. The Company reaped the benefits of an increased ADR post opening of the borders and relaxation of the sanitary measures imposed during the quarantine period. The Company went back to profitability in 2022. The Company reduced its accumulated losses from Rs118M at 31 December 2021 to Rs59M at 31 December 2022 and net current liabilities from Rs102M at 31 December 2021 to Rs57M at 31 December 2022. The Company is low geared and has a strong asset base. With cash and cash equivalents of Rs117M and undrawn overdraft facility at year end, and financial support from the main banker for the renovation of the hotel in 2023, the Company should be able to fulfil its financial obligations for the coming financial year.

Based on cash flow forecast projections for the next 12 months, the Directors are of the view that Company will be able to meet its financial obligations in the next financial year. Accordingly, they continue to adopt the going concern basis in preparing the Company's Financial Statements.

(b) Construction cost estimates

The Group uses internal quantity surveyors together with project managers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labour costs and other costs are included in the construction cost estimates based on best estimates.

(c) Provision for expected credit losses of trade receivables and contract assets

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

(d) Property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

(e) Investment properties and freehold land and buildings

The Group's investment properties and freehold land and buildings have been valued based on the valuation carried out by an independent valuer not related to the Group based on sales comparison method, depreciated replacement cost and income comparison approach.

(f) Determination of quantity of cement

The subsidiary, namely Kolos Cement Ltd, has a unique cement storing facilities which are sheds. Unlike vertical silos where there are level detectors where quantity can be reliably measured, sheds do not have such facilities. The subsidiary instead uses a volumetric measurement to estimate the quantity of cement in its sheds. This involves an element of judgement to cater for the absence of level detectors. Even if this methodology has proven to be reliable, there is a margin of error which is considered as tolerable.

(g) Post-employment benefits

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

The actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-employment benefits. In determining the appropriate discount rate, the actuary considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating the terms of the related post-employment benefits.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

(h) Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

5. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Leasehold Improvements Rs	Freehold Land and Buildings Rs	Plant and Machinery Rs	Motor Vehicles Rs	Furniture, Fittings and Equipment Rs	Right-of-Use Assets Rs	Work In Progress Rs	Total Rs
COST OR VALUATION								
At 1 January 2021	86,522,167	705,029,272	884,473,475	112,683,692	406,902,008	461,279,012	162,304,938	2,819,194,564
Reclassification	(528,782)	8,407,405	85,086,366	–	1,329,601	–	(94,294,590)	–
Additions	–	1,122,681	55,335,409	–	20,412,569	36,816,580	15,562,972	129,250,211
Disposals	–	–	–	(1,143,000)	(1,483,679)	(18,363,041)	–	(20,989,720)
Exchange difference	–	–	(85,199)	–	(24,206)	(571,633)	(57,865)	(738,903)
Transfer to Intangible Assets (Note 6)	–	–	–	–	–	–	(46,547,372)	(46,547,372)
Revaluation adjustment/Remeasurement of assets	–	(2,359,358)	–	–	–	594,557	–	(1,764,801)
At 31 December 2021	85,993,385	712,200,000	1,024,810,051	111,540,692	427,136,293	479,755,475	36,968,083	2,878,403,979
Transfer	–	–	(317)	–	21,298,579	–	(21,298,262)	–
Recognition of Rights of use asset	–	–	–	–	–	13,849,619	–	13,849,619
Additions	–	4,680,875	34,638,422	–	3,525,576	39,681,926	25,326,620	107,853,419
Derecognition of Rights of use asset		–		–	–	(47,618,427)	–	(47,618,427)
Assets written off	–	–	–	–	(38,401,000)	–	–	(38,401,000)
Disposals	–	(564,296)	–	(194,747)	(260,070)	–	–	(1,019,113)
Exchange difference	–	–	(319,715)	–	(1,134,523)	(1,143,867)	(12,779)	(2,610,884)
Remeasurement of assets		–	–	–	–	(480,379)	–	(480,379)
Revaluation adjustment	–	1,483,421	–	–	–	–	–	1,483,421
At 31 December 2022	85,993,385	717,800,000	1,059,128,441	111,345,945	412,164,855	484,044,347	40,983,662	2,911,460,635
ACCUMULATED DEPRECIATION								
At 1 January 2021	76,723,863	–	750,490,528	56,138,500	352,252,951	83,001,889	–	1,318,607,731
Charge for the Year	1,628,630	23,020,489	23,982,775	170,913	19,093,476	47,252,065	–	115,148,348
Disposals	–	–	–	(1,143,000)	(1,483,679)	(18,363,041)	–	(20,989,720)
Exchange difference	–	–	(7,692)	–	(2,254)	(112,646)		(122,592)
Revaluation adjustment	–	(23,020,489)	–	–	–	–	–	(23,020,489)
At 31 December 2021	78,352,493	–	774,465,611	55,166,413	369,860,494	111,778,267	–	1,389,623,278
Derecognition of Rights of use asset	–	–	–	–	–	(35,096,396)	–	(35,096,396)
Assets written off	–	–	(36,090)	–	(38,191,272)	–	–	(38,227,362)
Charge for the Year	771,927	26,632,715	39,736,800	165,594	20,339,881	50,043,033	–	137,689,950
Disposals	–	–	–	(194,748)	(260,070)	–	–	(454,818)
Exchange difference	528,782	–	(1,398,497)	–	(578,485)	(417,428)	–	(1,865,628)
Revaluation adjustment	–	(25,874,900)	–	–	–	–	–	(25,874,900)
At 31 December 2022	79,653,202	757,815	812,767,824	55,137,259	351,170,548	126,307,476	–	1,425,794,124
NET BOOK VALUE								
At 31 December 2022	6,340,183	717,042,185	246,360,617	56,208,686	60,994,307	357,736,871	40,983,662	1,485,666,511
At 31 December 2021	7,640,892	712,200,000	250,344,440	56,374,279	57,275,799	367,977,208	36,968,083	1,488,780,701

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

5. PROPERTY, PLANT AND EQUIPMENT continued

(b) Company

	Freehold Land and Buildings Rs	Plant and Machinery Rs	Motor Vehicles Rs	Furniture, Fittings and Equipment Rs	Rights-of-Use Assets Rs	Total Rs
COST OR VALUATION						
At 1 January 2021	329,900,000	2,804,616	2,895,000	16,675,105	31,143,727	383,418,448
Additions	1,122,681	–	–	186,342	–	1,309,023
Remeasurement of assets	–	–	–	–	244,779	244,779
Revaluation adjustment	(1,122,681)	–	–	–	–	(1,122,681)
At 31 December 2021	329,900,000	2,804,616	2,895,000	16,861,447	31,388,506	383,849,569
Additions	828,812	–	–	863,340	–	1,692,152
Assets written off	(564,296)	–	–	–	–	(564,296)
Disposals	–	–	(127,522)	(260,070)	–	(387,592)
Remeasurement of assets	–	–	–	–	(979,330)	(979,330)
Revaluation adjustment	635,484	–	–	–	–	635,484
At 31 December 2022	330,800,000	2,804,616	2,767,478	17,464,717	30,409,176	384,245,987
ACCUMULATED DEPRECIATION						
At 1 January 2021	–	2,804,616	2,895,000	14,992,767	7,785,932	28,478,315
Charge for the year	3,177,956	–	–	925,590	3,933,762	8,037,308
Revaluation adjustment	(3,177,956)	–	–	–	–	(3,177,956)
At 31 December 2021	–	2,804,616	2,895,000	15,918,357	11,719,694	33,337,667
Charge for the year	3,305,196	–	–	818,945	3,735,084	7,859,225
Disposals	–	–	(127,522)	(260,070)	–	(387,592)
Revaluation adjustment	(3,305,196)	–	–	–	–	(3,305,196)
At 31 December 2022	–	2,804,616	2,767,478	16,477,232	15,454,778	37,504,104
NET BOOK VALUE						
At 31 December 2022	330,800,000	–	–	987,485	14,954,398	346,741,883
At 31 December 2021	329,900,000	–	–	943,090	19,668,812	350,511,902

Freehold land and buildings of the Company and its subsidiaries were revalued on 31 December 2022 by Elevante Property Services Ltd, an independent valuer, based on the current open market values. Elevante Property Services Ltd is a member of the Royal Institute of Chartered Surveyors and The Directors are of the opinion that they have appropriate qualifications and recent experience in the valuation of freehold land and buildings in the relevant locations. The basis of valuation in estimating the open market values have been effected in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with valuation for financial reporting and which is to be used in the context of International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

The fair value of freehold land was determined using the sales comparison approach, that reflects recent transaction prices for land and the depreciated replacement cost approach for buildings. The significant inputs include the estimated construction costs and other ancillary expenditure and depreciation factor applied to the estimated construction cost.

(c) Fair value hierarchy and sensitivity

Details of the Group's and Company's freehold land and buildings and information about the fair value hierarchy as at 31 December 2022 are as follows:

Reconciliation of Carrying amount	GROUP Land Rs	GROUP Buildings Rs	COMPANY Land Rs	COMPANY Buildings Rs
Carrying amount as at 1 January 2022	274,200,000	438,000,000	257,300,000	72,600,000
Additions	–	4,680,875	–	828,812
Assets written off	–	(564,296)	–	(564,296)
Depreciation	–	(26,632,715)	–	(3,305,196)
	274,200,000	415,483,864	257,300,000	69,559,320
Revaluation gain as at 31 December 2022	27,358,321	–	–	3,940,680
Carrying amount and fair value as at 31 December 2022	301,558,321	415,483,864	257,300,000	73,500,000

The buildings categorised into Level 3 of the fair value hierarchy, the following information is relevant:

Buildings	Valuation techniques	Significant unobservable inputs	Range	Fair value Group Rs	Fair value Company Rs
2022	Depreciated replacement cost	Depreciation rate	28% to 65%	415,483,864	73,500,000
2021	Depreciated replacement cost	Depreciation rate	28% to 65%	438,000,000	72,600,000

The valuation exercise is carried out by an independent valuer on an annual basis. The valuer uses a combination of the depreciated replacement cost approach and the sales comparison approach in estimating the property value. Factors such as physical deterioration and obsolescence are considered. Also, the valuer compares the property with similar properties recently sold on the open market.

Sensitivity analysis

Increase/(decrease) in replacement cost per square metre by 1% in isolation would result in a higher/(lower) fair value on a linear basis.

	Valuation techniques	Significant unobservable inputs	Sensitivity +1% / -1% 2022	Sensitivity +1% / -1% 2021
Group				
Buildings	Depreciated replacement cost	Depreciation	4,154,839	4,380,000
Company				
Buildings	Depreciated replacement cost	Depreciation	735,000	726,000

The freehold land are categorised into Level 2 (2021: level 2) of the fair value hierarchy, the following information is relevant:

Freehold Land	Valuation techniques	Significant observable inputs	Range	Fair value Group Rs	Fair value Company Rs
2022	Sales Comparison approach	Price per square metre	Rs 849 – Rs 4,730 (Average: Rs 928 – Rs 3,885)	301,558,321	257,300,000
2021	Sales Comparison approach	Price per square metre	Rs 849 – Rs 4,730 (Average: Rs 918 – Rs 3,764)	274,200,000	257,300,000

Significant increase/(decrease) in the price per square metre would result in significantly higher/(lower) fair value on a linear basis respectively.

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5. PROPERTY, PLANT AND EQUIPMENT continued

(d) Had the land and buildings owned by the Group and Company been measured on a historical basis, their carrying value would have been as follows:

	GROUP		COMPANY	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Freehold Land and Buildings	208,939,397	253,774,294	37,723,695	40,764,375

(e) Assets pledged as security

Property, plant and equipment amounting to Rs 529M and Rs 332M have been pledged as security for bank facilities granted to the Group and the Company respectively (Notes 14 and 18).

(f) Assets written off

Assets written off refers mainly to damaged furniture which are not in a state to be used. These have been written off.

(g) Right-of-Use assets

Group and Company as Lessee

Group	**Land & Buildings** Rs	**Plant and Machinery** Rs	**Motor Vehicles** Rs	**Total** Rs
At 1 January 2021	343,177,989	8,804,383	26,294,751	378,277,123
Additions	10,786,374	6,934,286	19,095,920	36,816,580
Depreciation for the year	(25,628,396)	(5,730,626)	(15,893,043)	(47,252,065)
Exchange difference	135,570			135,570
At 31 December 2021	328,471,537	10,008,043	29,497,628	367,977,208
Additions	40,146,730	7,782,676	5,602,139	53,531,545
Derecognition of Rights of use asset	(11,073,257)	(1,448,774)	–	(12,522,031)
Remeasurement of assets	(480,379)	–	–	(480,379)
Depreciation for the year	(30,815,862)	(5,657,036)	(13,570,135)	(50,043,033)
Exchange difference	(339,702)	(386,737)	–	(726,439)
At 31 December 2022	325,909,067	10,298,172	21,529,632	357,736,871

Company	**Buildings** Rs
At 1 January 2021	23,357,795
Remeasurement of assets	244,779
Depreciation for the year	(3,933,762)
At 31 December 2021	19,668,812
Remeasurement of assets	(979,330)
Depreciation for the year	(3,735,084)
At 31 December 2022	14,954,398

Description of lease activities

Land and buildings

The Group and Company lease land and buildings for their offices and warehouses. The leases are for a period of 5 years for the Company and 5 to 77 years for the Group with including renewal period at the option of the Group

Plant and Machinery, and Motor Vehicles

The Group leases plant and machinery like forklifts which are used in the operations and motor vehicles which are used by employees to attend construction sites and customers. The leases are for a period ranging from 2 to 5 years with no extension option.

Derecognition of Rights of use asset

The right of use asset on leased land and buildings were derecognised as a result of the option for renewal not being exercised by the Group which was taken into consideration on initial assessment.

6. INTANGIBLE ASSETS

(a) Group

	Consolidation goodwill Rs	**Computer software** Rs	**Total** Rs
COST			
At 1 January 2021	907,957,130	26,050,708	933,771,586
Additions	–	82,878,745	82,878,745
Transfer from property, plant and equipment (Note 5)	–	46,547,372	46,547,372
Impairment of goodwill	(25,855,314)	–	(25,855,314)
At 31 December 2021	882,101,816	155,476,825	1,037,578,641
Additions	–	34,602,058	34,602,058
Foreign exchange difference	–	54,827	54,827
Other movements	–	(111,169)	(111,169)
At 31 December 2022	882,101,816	190,022,541	1,072,124,357
ACCUMULATED IMPAIRMENT/AMORTISATION			
At 1 January 2021	131,041,916	13,408,157	144,450,073
Charge for the year	–	7,304,821	7,304,821
At 31 December 2021	131,041,916	20,712,978	151,754,894
Charge for the year	–	18,706,458	18,706,458
Exchange difference	–	(104,313)	(104,313)
At 31 December 2022	131,041,916	39,315,123	170,357,039
NET BOOK VALUE			
At 31 December 2022	751,059,900	150,707,418	901,767,318
At 31 December 2021	751,059,900	134,763,847	885,823,747

The transfer from property, plant and equipment in 2021 refers to lottery software previously classified as 'work in progress'. The software was improved and was made available for use in 2021. The amount of borrowing costs capitalised during the year amounted to Rs nil (2021:Rs478,912). The rate used to determine the amount of borrowing costs eligible for capitalisation varied from 3.6% to 4.25%, which was the EIR of the specific borrowing.

Significant intangibles assets

The Group holds computer software and the carrying amount of the computer software will be fully amortised in 5 years.

(b) Company

	Computer Software Rs
COST	
At 1 January and 31 December 2021	5,453,930
Additions	248,400
At 31 December 2022	5,702,330
ACCUMULATED AMORTISATION	
At 1 January 2021	3,635,264
Charge for the year	606,222
At 31 December 2021	4,241,486
Charge for the year	620,022
At 31 December 2022	4,861,508
NET BOOK VALUE	
At 31 December 2022	840,822
At 31 December 2021	1,212,444

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6. INTANGIBLE ASSETS continued

Group

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill, which represent the excess consideration paid between the purchase price and net assets acquired, had been allocated as follows:

	2022 Rs	2021 Rs
Investment and Corporate Services & Others		
– Investment CGU	751,059,900	751,059,900

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

At 31 December 2022, based on the impairment tests, management determined that its Investments to which goodwill had been allocated had not been impaired.

Goodwill is allocated to the cash generating units. The main basis and assumptions used for impairment testing and the entities to which the carrying amount of goodwill are allocated are as follows:

		2022		2021
		Rs	Rs	Rs
	Basis of Impairment	Recoverable Amount	Carrying Amount	Carrying Amount
Pool Joseph Merven Ltd	Discounted cash flow	26,757,797	23,359,268	23,359,268
Kolos Cement Ltd	Share price on Stock Exchange	4,195,800,000	727,700,632	727,700,632
		4,222,557,797	751,059,900	751,059,900

The total amount of goodwill has been assessed as having indefinite useful life as the Group continues to derive benefits from its CGU's for which Goodwill is allocated. In the context of Covid-19 additional discount premiums were used for financial year 2021 in the assumptions taken to perform and flex impairment tests.

Main assumptions used for value in use of Pool Joseph Merven Ltd for the financial year 2022:

(i) the forecasts are based on the digital transformation which is in progress. The new solution which was due to be launched in 2022 is now expected to be launched in 2023.

(ii) the expected future net cash flows for five years have been discounted by 7.38%

(iii) a 5-year projection was made, with no terminal value for future growth.

The goodwill attributable to Kolos Cement Ltd, which is significant compared to the total carrying amount of goodwill, have been tested for impairment based on its fair value less costs of disposal. The fair value are based on the share price of Kolos Cement Ltd, which is listed on the Development Enterprise Market of the Stock Exchange of Mauritius based on the effective shareholding in Kolos Cement Ltd. Additional impairment tests are done based on the discounted future cash flows and no indication of impairment for the for the year (2021: Nil). The fair value for Kolos Cement Ltd is a level-1 fair value hierarchy.

7. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2022 Rs	2021 Rs
AT COST		
Investments in subsidiaries	1,580,721,262	1,579,043,259

(a) The subsidiaries (direct and indirect) of the Company as at 31 December 2022 are as follows:

	Activity	Class of Shares Held	Carrying value of investment		Effective % Holding	
			2022	2021	2022	2021
			Rs	Rs	Rs	Rs
Accacias Co Ltd	Investment	Ordinary	–	–	100.0%	100.0%
Aggregate Resources Co Ltd	Wound up	Ordinary	–	–	100.0%	100.0%
A.S. Burstein Management Ltd	Lottery	Ordinary	–	–	100.0%	100.0%
Bitumen Storage Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Boron Investments Ltd	Dormant	Ordinary	–	6,200,000	100.0%	100.0%
BR Capital Ltd	Property investment	Ordinary	–	–	100.0%	100.0%
BR Hotel Resorts Ltd	Property investment	Ordinary	–	–	100.0%	100.0%
Broadgate Holding Ltd	Investment	Ordinary	–	–	100.0%	100.0%
Burford Development Ltd	Dormant	Ordinary	25,000	25,000	100.0%	100.0%
Burford Investments Ltd	Property investment	Ordinary	–	–	100.0%	100.0%
Burford Property Ltd	Property investment	Ordinary	25,000	25,000	100.0%	100.0%
Burford Realty Ltd	Property investment	Ordinary	–	–	100.0%	100.0%
Cement Logistics Ltd	Cement	Ordinary	–	–	74.0%	74.0%
Centreview Development Ltd	Property investment	Ordinary	25,000	25,000	100.0%	100.0%
Fortune Games Pte. Ltd	Dormant	Ordinary	–	–	100.0%	0.0%
Gamma Asia Construction Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Gamma Asia Investment Pte. Ltd	Investment	Ordinary	–	–	99.0%	99.0%
Gamma Capital Ltd	Investment	Ordinary	105,164,180	105,164,180	100.0%	100.0%
RedCircle Investment Ltd (Previously Gamma Cement Holdco Ltd)	Dormant	Ordinary	1,000	–	100.0%	100.0%
Gamma Cement Ltd	Investment	Ordinary	1,000,000	1,000,000	100.0%	100.0%
Gamma Corporate Services Ltd	Secretarial services	Ordinary	25,000	25,000	100.0%	100.0%
Gamma-Civic Construction Holdings Ltd	Investment	Ordinary	–	–	100.0%	100.0%
Gamma-Civic Construction Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Gamma-Civic Hotel Holdings Ltd	Investment	Ordinary	25,000	25,000	100.0%	100.0%
Gamma Construction Ltd	Construction	Ordinary	106,000,000	106,000,000	100.0%	100.0%
Gamma Energy Holdings Ltd	Investment	Ordinary	–	–	100.0%	100.0%
Gamma Energy Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Green Sparrow International Ltd (Previously Gamma FinTech Holding Ltd)	Dormant	Ordinary	25,000	–	100.0%	100.0%
Gamma International Management Pte. Ltd	Dormant	Ordinary	472,400	–	100.0%	0.0%
Gamma Land Ltd	Investment	Ordinary	1,000,000	1,000,000	100.0%	100.0%
GammaTech Ltd	I.T Application	Ordinary	–	–	100.0%	100.0%
Gamma Treasury Management Limited	Treasury	Ordinary	1,000,000	1,000,000	100.0%	100.0%
Gammafin Resource Management Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Gamma Leisure Ltd	Investment	Ordinary	50,000	50,000	100.0%	100.0%
Govenland Co Ltd	Property investment	Ordinary	–	–	49.0%	49.0%
Glot Holdings (Mauritius) Ltd	Investment	Ordinary	99,000	99,000	99.0%	99.0%
Glot Management Ltd	Investment	Ordinary	–	–	100.0%	100.0%
Infina Investment Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Insignia Leisure Resorts Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Kolos Building Materials Ltd	Cement	Ordinary	–	–	74.0%	74.0%
Kolos Cement Ltd	Cement	Ordinary	–	–	74.0%	74.0%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

7. INVESTMENTS IN SUBSIDIARIES continued

(a) The subsidiaries (direct and indirect) of the Company as at 31 December 2022 are as follows:

	Activity	Class of Shares Held	Carrying value of investment 2022	Carrying value of investment 2021	Effective % Holding 2022	Effective % Holding 2021
			Rs	Rs	Rs	Rs
Kolos International Ltd	Cement	Ordinary	–	–	62.9%	100.0%
Kolos Madagascar SA	Cement	Ordinary	–	–	62.5%	0.0%
Insignia Resorts Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Lottotech Ltd	Lottery	Ordinary	–	–	56.1%	56.1%
Loterie Vert Ltd	Lottery	Ordinary	–	–	56.1%	56.1%
Ludgate Investments Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
Maurilot Investments Ltd	Investment	Ordinary	50,000	50,000	100.0%	100.0%
Natlot Investments Ltd	Investment	Ordinary	10,050,000	10,050,000	100.0%	100.0%
Osterley Investments Ltd	Dormant	Ordinary	–	–	100.0%	98.0%
Pool Joseph Merven Limited	Lottery	Ordinary	–	–	56.1%	56.1%
Princegate Holdings Ltd	Dormant	Ordinary	–	27,563,100	100.0%	100.0%
Reel Mada SA (In process of liquidation)	Dormant	Ordinary	–	–	65.0%	65.0%
Regency Realty Ltd	Dormant	Ordinary	–	–	100.0%	100.0%
RHT Media Ltd	Investment	Ordinary	–	–	100.0%	100.0%
Star Cement Ltd	Investment	Ordinary	–	–	100.0%	100.0%
Traxx Ltd	Trading	Ordinary	–	–	100.0%	100.0%
Westbourne Properties Ltd	Property investment	Ordinary	–	–	100.0%	100.0%
Westview Realty Ltd	Property investment	Ordinary	100,000	100,000	100.0%	100.0%
			225,136,580	258,401,280		
Non-current amounts due from Subsidiaries - Note 7(c)			1,355,584,682	1,320,641,979		
			1,580,721,262	1,579,043,259		

The Non-current amounts due from subsidiaries classified as Non-current assets are unsecured and management does not intend to recall any amount within the next twelve months. These amounts are in substance an extension of the equity investments in these subsidiaries so that the amounts are stated at nominal value.

Non-current amounts due from subsidiaries amounting to Rs 1M have been impaired during the year and Rs 21m reversal for impairment (2021: Impairment Rs 1,506,090 and reversal of impairment Rs 850,000). Impairment test is carried out for all subsidiaries by first comparing the Company's investment against the net assets of the subsidiaries. Additionally, cash flow forecasts of subsidiaries are taken into account when carrying impairment test. Where the investment value is greater than the net assets of the subsidiaries, and there is no indication that the subsidiaries will generate positive cash flow in the foreseeable future, the investment value is impaired up to the net assets amount. The impairment during the year refers to additional investments in subsidiaries to cover their fixed costs. There is no immediate indication of these subsidiaries generating positive cash flows. The Directors consider that the Net Assets Value equals to the Fair value less cost of disposal. The fair value is considered as being a level-3 in the fair value hierarchy.

During the year ended 31 December 2022, the Company incorporated Gamma International Management Pte. Ltd with a 100% shareholding who in turn fully owns Fortune Games Pte. Ltd. These companies are domiciled in Singapore and were dormant throughout the year .

During the year ended 31 December 2022, the Company impaired fully its investment in Boron Investments Ltd and Princegate Holdings Ltd which amounted to Rs 6.2M and Rs 27.6M respectively.

(b) Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2022	Number of wholly-owned subsidiaries 2021
Construction	Mauritius	1	1
Dormant	Mauritius	14	11
Dormant	Singapore	2	
I.T Application	Mauritius	1	1
Investment	Mauritius	14	15
Lottery	Mauritius	1	1
Property investment	Mauritius	8	11
Secretarial services	Mauritius	1	1
Treasury	Mauritius	1	1
Trading	Mauritius	1	1
		44	43

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2022	Number of wholly-owned subsidiaries 2021
Cement	Mauritius	4	4
Cement	Madagascar	1	1
Dormant	Mauritius	2	1
Investment	Mauritius	1	2
Lottery	Mauritius	3	3
Property investment	Mauritius	1	2
		12	13

(c) Non-current amount due from subsidiaries

	COMPANY 2022	COMPANY 2021
	Rs	Rs
At 1 January	1,320,641,979	1,282,414,579
Net cash movement during the year	15,516,635	38,883,490
Reversal of/(net impairment loss) recognised on non-current amount due from subsidiaries	19,426,068	(656,090)
At 31 December (quasi equity aggregated into investment in subsidiaries - Note 7 (a))	1,355,584,682	1,320,641,979

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for the year ended 31 December 2022

7. INVESTMENTS IN SUBSIDIARIES continued

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material Non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	2022	2021	2022	2021
				Rs	Rs	Rs	Rs
Lottotech Ltd	Mauritius	43.9%	43.9%	67,346,233	32,887,200	89,324,800	78,149,679
Kolos Cement Ltd	Mauritius	26.0%	26.0%	29,791,902	36,995,260	124,391,659	120,674,118
Kolos Madagascar SA	Madagascar	37.5%	37.5%	(32,472,150)	(9,206,572)	(36,214,480)	(4,955,186)
Individually immaterial subsidiaries with non-controlling interests				3,495,401	(1,401,471)	5,237,119	(3,222,551)
				68,161,386	59,274,417	182,739,198	190,646,061

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Lottotech Ltd

	2022	2021
	Rs	Rs
Current assets	526,033,318	298,572,220
Non-current assets	314,095,891	295,911,931
Current liabilities	(518,238,987)	(297,647,697)
Non-current liabilities	(118,157,203)	(118,735,800)
Equity attributable to owners of the Company	114,408,219	99,950,975
Non-controlling interests	89,324,800	78,149,679

	2022	2021
	Rs	Rs
Revenue	1,477,545,176	1,054,232,229
Expenses	(1,324,063,480)	(979,282,481)
Profit for the year	153,481,696	74,949,748
Profit attributable to the owners of the Company	86,135,463	42,062,548
Profit attributable to the non-controlling interests	67,346,233	32,887,200
Profit for the year	153,481,696	74,949,748
Other comprehensive (loss)/income attributable to the owners of the Company	(1,077,871)	587,379
Other comprehensive (loss)/income attributable to non-controlling interests	(842,749)	459,251
Dividend paid to non-controlling interests	(55,199,782)	(25,362,062)
Net cash inflow from operating activities	313,846,786	57,010,583
Net cash outflow from investing activities	(50,597,775)	(110,645,358)
Net cash (outflow)/inflow from financing activities	(146,235,614)	17,573,318
Net cash inflow/(outflow)	117,013,397	(36,061,457)

Kolos Cement Ltd

	2022	2021
	Rs	Rs
Current assets	540,448,834	532,106,278
Non-current assets	767,651,280	732,893,284
Current liabilities	(575,115,976)	(565,701,915)
Non-current liabilities	(254,554,681)	(235,166,423)
Equity attributable to owners of the Company	354,037,798	343,457,106
Non-controlling interests	124,391,659	120,674,118

	2022	2021
	Rs	Rs
Revenue	1,923,046,746	1,713,284,753
Expenses	(1,808,462,508)	(1,570,995,290)
Profit for the year	114,584,238	142,289,463
Profit attributable to the owners of the Company	84,792,336	105,294,203
Profit attributable to the non-controlling interests	29,791,902	36,995,260
Profit for the year	114,584,238	142,289,463
Other comprehensive income attributable to the owners of the Company	14,099,956	12,112,266
Other comprehensive income attributable to non-controlling interests	4,954,039	4,255,661
Dividend paid to non-controlling interests	(31,028,400)	(52,933,500)
Net cash inflow from operating activities	95,631,417	150,132,547
Net cash outflow from investing activities	(36,758,955)	(57,753,509)
Net cash outflow from financing activities	(131,109,864)	(27,935,246)
Net cash (outflow)/inflow	(72,237,402)	64,443,792

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7. INVESTMENTS IN SUBSIDIARIES continued

(d) Details of non-wholly owned subsidiaries that have material non-controlling interests continued

Kolos Madagascar SA

	2022 Rs	2021 Rs
Current assets	151,534,747	151,015,854
Non-current assets	25,592,743	19,291,499
Current liabilities	(271,707,304)	(183,594,429)
Non-current liabilities	(1,889,233)	(5,771,331)
Equity attributable to owners of the Company	(60,254,567)	(14,103,221)
Non-controlling interests	(36,214,480)	(4,955,186)

	2022 Rs	2021 Rs
Revenue	490,605,796	109,011,811
Expenses	(577,105,928)	(133,536,512)
Loss for the year	(86,500,132)	(24,524,701)
Loss attributable to the owners of the Company	(54,027,982)	(15,318,129)
Loss attributable to the non-controlling interests	(32,472,150)	(9,206,572)
Loss for the year	(86,500,132)	(24,524,701)
Other comprehensive income attributable to the owners of the Company	6,553,368	789,058
Other comprehensive income attributable to non-controlling interests	2,302,535	277,236
Dividend paid to non-controlling interests	–	–
Net cash (outflow)/inflow from operating activities	(68,770,296)	22,515,408
Net cash outflow from investing activities	(1,748,542)	(7,691,076)
Net cash outflow from financing activities	(4,812,281)	–
Net cash (outflow)/inflow	(75,331,119)	14,824,332

(e) Risks inherent in investee companies

Gamma Civic Ltd invests in companies which have activities in the following industries:

- Contracting;
- Lottery,
- Investments,
- Secretarial services,
- Treasury,
- Building Materials,
- Real Estate, Hotels and Leisure, and
- Financial services

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) GROUP

	Associates		Joint Ventures		Total	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs	2022 Rs	2021 Rs
At 1 January	418,551,921	410,431,160	423,999,690	421,119,367	842,551,611	831,550,527
Additions	–	–	73,774,012	–	73,774,012	–
Share of profit	101,087,243	33,480,094	124,729,491	111,460,688	225,816,734	144,940,782
Revaluation surplus of property of associates, net of deferred tax	6,318,897	4,227,028	–	–	6,318,897	4,227,028
Dividend received	(42,500,000)	(30,268,867)	(56,716,240)	(110,378,560)	(99,216,240)	(140,647,427)
Remeasurement of retirement benefit obligations, net of deferred Tax	(5,464)	682,506	(3,482,265)	1,798,195	(3,487,729)	2,480,701
At 31 December	483,452,597	418,551,921	562,304,688	423,999,690	1,045,757,285	842,551,611

COMPANY

	Associates		Joint Ventures		Total	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs	2022 Rs	2021 Rs
At 1 January	11,180,640	11,180,640	42,065,000	42,065,000	53,245,640	53,245,640
Additions	–	–	73,774,012	–	73,774,012	–
At 31 December	11,180,640	11,180,640	115,839,012	42,065,000	127,019,652	53,245,640

(b) Fair value of investments in associates and investment in joint ventures

Valuation of associates and joint ventures

	GROUP		COMPANY	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Quoted equity investments at fair value				
- Morning Light Co. Ltd	215,208,204	252,321,135	215,208,204	252,321,135
Unquoted equity investments at cost				
- Jasiri Group	100,000,000	100,000,000	–	–
- Gamma Materials Ltd	42,065,000	42,065,000	42,065,000	42,065,000
- LudWin Group	73,774,012	–	73,774,012	–
- Others	3,880,560	3,880,560	–	–
	434,927,776	398,266,695	331,047,216	294,386,135

The fair value of quoted equity investments is based on quoted prices on the Stock Exchange of Mauritius Ltd at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

(c) The following are the associates of the Company:

Name	Activity	Class of Shares Held	Place of business	Effective % Holding 2022	Effective % Holding 2021	% of Voting Power Held 2022	% of Voting Power Held 2021
				Rs	Rs	Rs	Rs
Morning Light Co. Ltd	Hotel	Ordinary	Mauritius	25.3%	25.1%	25.3%	25.1%
Viva Voce Limitee	Media	Ordinary	Mauritius	25.7%	25.7%	25.7%	25.7%
Jasiri Investment Ltd (formerly Square Mile Investment Nine Ltd)	Investment Holding	Ordinary	Mauritius	50%	50%	50%	50%
CG Re (Africa) Ltd	Re-Insurance broking	Ordinary	Mauritius	50%	50%	50%	50%
CG Re (Africa) (Proprietary) Limited	Re-Insurance broking	Ordinary	Botswana	50%	50%	50%	50%
Moon Craft Ltd	Investment Holding	Ordinary	Mauritius	30%	30%	30%	30%
Bastion Fort Ltd	I.T application Development	Ordinary	Mauritius	30%	30%	30%	30%
IAME Limited	I.T application Development	Ordinary	Mauritius	30%	30%	30%	30%
Mobi Move Ltd	I.T application Development	Ordinary	Mauritius	30%	30%	30%	30%

Name	Activity	Class of Shares Held	Place of business	Effective % Holding 2022	Effective % Holding 2021	% of Voting Power Held 2022	% of Voting Power Held 2021
				Rs	Rs	Rs	Rs
Gamma Materials Ltd	Building Materials	Ordinary	Mauritius	50%	50%	50%	50%
LudWin Group SAS	Gaming Technology	Ordinary	France	19.99%	NA	19.99%	NA

(d) Summarised financial information in respect of each of the Group's material associates and joint ventures is set out below. The summarised financial information below represents amount shown in the associates' and joint-ventures' financial statements prepared in accordance with IFRSs.

Figures for Associates include Morning Light Co. Ltd and Jasiri Investments Ltd group. Figures for Joint Ventures represent Gamma Materials Ltd and LudWin Group SAS.

	Associates 2022	Associates 2021	Joint Ventures 2022	Joint Ventures 2021	Total 2022	Total 2021
	Rs	Rs	Rs	Rs	Rs	Rs
Total Assets	2,194,343,031	1,981,048,192	2,092,331,746	1,578,070,667	4,286,674,777	3,559,118,859
Total Liabilities	(914,654,119)	(866,565,835)	(1,308,092,368)	(730,071,287)	(2,222,746,487)	(1,596,637,122)
Net Assets	1,279,688,912	1,114,482,357	784,239,378	847,999,380	2,063,928,290	1,962,481,737
Group's Share of Associates' and Joint Ventures' Net Assets and Goodwill	483,518,225	416,305,243	562,304,688	423,999,690	1,045,822,913	840,304,933
Revenue	875,157,613	324,559,304	2,490,518,087	1,953,997,952	3,365,675,700	2,278,557,256
Profit for the Year	225,271,988	25,281,496	246,019,618	222,921,377	471,291,606	248,202,873
Total Comprehensive Income	250,206,557	44,884,000	239,055,088	226,517,767	489,261,645	271,401,767
Group's Share of Associates' and Joint Ventures' Profit for the Year	98,247,881	35,298,029	124,729,491	111,460,689	222,977,371	146,758,718
Group's Share of Associates' and Joint Ventures' Total Comprehensive Income for the Year	104,558,820	40,207,563	124,081,909	113,258,884	228,640,729	153,466,447

Morning Light Co. Ltd

	2022	2021
	Rs	Rs
Current assets - cash and cash equivalents	117,282,835	35,261,916
Other current assets	82,744,327	71,075,026
Non-current assets	1,711,483,810	1,698,244,588
Current liabilities	(269,213,013)	(208,094,765)
Non-current liabilities	(604,119,620)	(630,036,962)

	2022	2021
	Rs	Rs
Revenue	580,870,619	146,033,969
Depreciation and amortisation	(52,956,579)	(56,003,770)
Interest expense	22,576,600	(22,445,049)
Income tax credit	10,112,080	9,448,038
Profit/(loss) for the year	46,793,966	(95,348,552)
Other comprehensive income for the year	24,934,569	19,583,301
Total comprehensive loss for the year	71,728,535	(75,765,251)
Dividends received from the associate during the year	–	–

Reconciliation of the above summarised information to the carrying amount of the interest in Morning Light Co. Ltd recognised in the consolidated financial statements:

	2022	2021
	Rs	Rs
Net assets in Associate	1,038,178,339	966,449,803
Proportion of the Group's ownership interest in Morning Light Co. Ltd	25.3%	25.1%
Share of net assets in associate	262,762,937	242,288,966
Carrying amount of the Group's interest in Morning Light Co. Ltd	262,762,937	242,288,966

Jasiri Investment Ltd (formerly Square Mile Investment Nine Ltd)

	2022	2021
	Rs	Rs
Current assets - cash and cash equivalents	132,483,532	74,590,418
Other current assets	146,533,044	97,142,208
Non-current assets	3,815,482	4,734,036
Current liabilities	(39,060,515)	(27,035,342)
Non-current liabilities	(2,260,971)	(1,398,766)

	2022	2021
	Rs	Rs
Revenue	294,286,994	178,525,335
Interest income	833,961	2,065
Profit for the year	178,478,022	120,630,048
Other Comprehensive Income for the year	–	19,203
Total Comprehensive Income for the year	178,478,022	120,649,251
Dividends received from the associate during the year	(42,500,000)	(30,268,867)

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for the year ended 31 December 2022

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

(d) Summarised financial information in respect of each of the Group's material associates and joint venture is set out below. The summarised financial information below represents amount shown in the associates' financial statements prepared in accordance with IFRSs continued

Jasiri Investment Ltd (formerly Square Mile Investment Nine Ltd) continued

	2022 Rs	2021 Rs
Net assets in associate	241,510,576	148,032,554
Proportion of the Group's ownership interest in Jasiri Investment Ltd	50%	50%
Share of net assets in associate	120,755,288	74,016,277
Goodwill on purchase	100,000,000	100,000,000
Carrying amount of the Group's interest in Jasiri Investment Ltd	220,755,288	174,016,277

The goodwill represents the excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the acquisition.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

At 31 December 2022, based on the impairment tests, the directors determined that goodwill that had been allocated to Jasiri Investment Ltd had not been impaired. The Group considers the relationship between the book value of the investment and the discounted forecasted cash flow forecast.

Gamma Materials Ltd

	2022 Rs	2021 Rs
Current assets - cash and cash equivalents	243,079,658	284,631,302
Other current assets	630,274,345	486,546,874
Non-current assets	898,103,229	806,892,491
Current liabilities	(598,876,982)	(510,113,302)
Non-current liabilities	(189,849,533)	(219,957,985)

	2022 Rs	2021 Rs
Revenue	2,184,535,730	1,953,997,952
Interest income	–	–
Interest expense	(9,824,212)	(15,569,551)
Depreciation and amortisation	–	–
Income tax expense	(35,650,643)	(41,267,228)
Profit for the year	260,200,125	222,921,377
Other comprehensive income for the year	(6,964,530)	3,596,390
Total comprehensive Income for the year	253,235,595	226,517,767
Dividends received from the joint venture during the year	(56,716,240)	(110,378,560)

Reconciliation of the above summarised information to the carrying amount of the interest in Gamma Materials Ltd recognised in the consolidated financial statements:

	2022 Rs	2021 Rs
Net assets in joint venture	982,730,717	847,999,380
Proportion of the Group's ownership interest in Gamma Materials Ltd	50%	50%
Share of net assets in joint venture	491,365,359	423,999,690
Carrying amount of the Group's interest in Gamma Materials Ltd	491,365,359	423,999,690

LudWin Group SAS

	2022 Rs
Current assets - cash and cash equivalents	36,854,539
Other current assets	210,065,831
Non-current assets	73,954,144
Current liabilities	(326,532,550)
Non-current liabilities	(192,833,304)

	2022 Rs
Revenue	305,982,357
Income tax expense	(3,277,561)
Net loss/Total comprehensive loss for the year	(14,180,507)

Reconciliation of the above summarised information to the carrying amount of the interest in LudWin Group SAS recognised in the consolidated financial statements:

	2022 Rs
Net liabilities in joint venture	(198,491,339)
Proportion of the Group's ownership interest in LudWin Group SAS	19.99%
	(39,678,430)
Share of net liabilities in joint venture	110,617,759
Carrying amount of the Group's interest in LudWin Group SAS	70,939,329

On 5 April 2022, the Company invested in a French based company, LudWin Group SAS, through the subscription of 1,179 shares at a nominal value of EUR 50 per share for a total amount of EUR 1,501,149.96 (share premium included), representing a stake of 19.99%. The investee is considered as a joint venture on the fact that the shareholders of LudWin Group SAS have representatives at the its Board and the shareholders' agreement in place requires certain key decisions to be subject to a favourable vote of at least one director representing the shareholders.

Aggregate information of associates that are not individually material

	2022 Rs	2021 Rs
Net profit/(loss) and total comprehensive income/(loss) for the year	4,732,271	(6,660,354)
The Group's share of profit/(loss)	2,839,363	(1,817,936)
Aggregate carrying amount of the Group's interests in these associates	(65,628)	2,246,678

Equity accounting has been applied and the Group's share of losses of associates recognised in the Group statements of profit or loss and other comprehensive income only to the extent of bringing the carrying amount of the investments in the respective associates down to zero. The associates which are not individually material to the Group and for which figures have been disclosed above are Moon Craft Ltd Group and Viva Voce Ltee.

The investments in associates in the Company's statements of financial position are not impaired. Management has conducted an impairment assessment on LudWin Group SAS based on a DCF valuation and there is not indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

9. INVESTMENT PROPERTIES

	GROUP		
	Freehold land and buildings on leasehold property	Rights-of-use assets	Total
	Rs	Rs	Rs
At 1 January 2021	1,292,170,122	62,741,322	1,354,911,444
Additions - assets in progress	8,036,335	–	8,036,335
Reclassification to assets held for sale (Note 32)	(167,400,000)	–	(167,400,000)
Gain from fair value adjustment	47,699,187	148,960	47,848,147
At 31 December 2021	1,180,505,644	62,890,282	1,243,395,926
Additions - asset in progress	82,093,747	27,729,229	109,822,976
Gain from fair value adjustment	2,458,240	123,618,583	126,076,823
At 31 December 2022	1,265,057,631	214,238,094	1,479,295,725

The fair value of the Group's investment properties as at 31 December 2022 has been arrived at on the basis of a valuation carried out on the respective dates by Elevante Property Services Ltd, an independent valuer not related to the Group. Elevante Property Services Ltd is member of the Royal Institute of Chartered Surveyors, and the directors determine that they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the sales comparison method and income capitalisation approach. The basis of valuation in estimating the open market values have been effected in accordance with the principles set out by the International Valuation Standards Committee as per the International Valuation Application 1 (IVA 1) which deals with valuation for financial reporting and which is to be used in the context of International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

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

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The Group rents leasehold land on which it has constructed an office building. The leases are for a remaining period of 5 to 15 years, with one land lease having an extension until 2069.

	GROUP	
	2022	2021
	Rs	Rs
Rental income derived from investment properties	5,584,591	18,974,315
Direct operating expenses (including repairs and maintenance) generating rental income (included in administrative expenses)	(5,568,528)	(4,103,590)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in administrative expenses)	–	(7,000)
Profit arising from investment properties carried at fair value	16,063	14,863,725

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Rights-of-use assets

Group as lessee

	GROUP Building on leasehold property	
	2022	2021
	Rs	Rs
At 1 January	62,890,282	62,741,322
Additions - asset in progress	27,729,229	–
Gain from fair value adjustment for the year	123,618,583	148,960
At 31 December	214,238,094	62,890,282

Fair Value Hierarchy of Investment Properties

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2022 and 2021 are as follows:

	Level 2	Level 3	Fair value as at 31 December 2022
	Rs	Rs	Rs
Freehold building on leasehold land, freehold office units and leasehold site	482,008,751	–	482,008,751
Bare freehold land and buildings and other structures	797,000,000	–	797,000,000
Leasehold land - rights-of-use assets	200,286,974	–	200,286,974
			1,479,295,725

	Level 2	Level 3	Fair value as at 31 December 2021
	Rs	Rs	Rs
Freehold building on leasehold land, freehold office units and leasehold site	376,769,309	–	376,769,309
Bare freehold land and buildings and other structures	795,700,000	–	795,700,000
Leasehold land - rights-of-use assets	62,890,282	–	62,890,282
Asset under construction	–	8,036,335	8,036,335
			1,243,395,926

The investment properties categorised into Level 2 (2021: Level 2) of the fair value hierarchy, the following information is relevant:

	Valuation techniques	Significant observable inputs	Range
			2022 & 2021
Freehold building on leasehold land	Income capitalisation approach and sales comparison approach	Rental growth	5%
Freehold office units and leasehold site		Rental yield	8.75 to 9.00%

	Valuation techniques	Significant observable inputs	Range	
			2022	2021
			Rs	Rs
Freehold Land	Sales comparison approach	Price per square metre	Rs 849 - Rs 4,730 (Average: Rs 928 - Rs 3,885)	Rs 849 - Rs 4,730 (Average: Rs 918 - Rs 3,764)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

10. OTHER FINANCIAL ASSETS

(a) Non-current

Financial asset at fair value through profit or loss

	GROUP AND COMPANY
	2022
	Rs
At 1 January 2022	–
Additions	137,054,000
Interest accrued	5,106,670
At 31 December 2022	142,160,670

On 5 April 2022, the Company invested in a French company, LudWin Group SAS, 2,900 convertible bonds at a nominal value of EUR1,000. The convertible bonds bear an interest rate of 5% p.a. until 30 September 2023 into equity. In the event of non-conversion, the bond repayment date will fall due on 30 September 2024. The directors consider that the carrying amount of the financial asset approximates its fair value.

(b) Current Financial asset held at amortised cost

	GROUP AND COMPANY
	2022
	Rs
At 1 January 2022	–
Additions	150,000,000
Interest accrued	2,442,336
Interest Received	(2,871,780)
At 31 December 2022	149,570,556

On 29 July 2022, the Company by way of a purchase agreement with MCB Stockbrokers Limited (MCBSB) purchased 150,000 7–yr notes (MCBG Notes) at its nominal value of Rs1,000 per note bearing interest rate at repo rate plus 0.85% with a maturity date 29 July 2023. The notes are listed on SEM and were issued by MCB Group Limited on 29 June 2021.

11. INVENTORIES

	GROUP	
	2022	**2021**
	Rs	Rs
Raw materials	230,697,249	78,435,036
Work in progress	–	6,012,835
Stock in transit	11,249,773	140,070,336
Finished goods	105,658,382	182,487,840
	347,605,404	407,006,047

During the period cost of inventories recognised as expense in the Statement of Profit or Loss amounts to Rs 1,605,477,146 (2021: Rs 1,452,580,860).

The cost of inventories recognised as expense includes Rs 4,967,996 in respect of reversal of write-downs (2021: Rs 45,090 provision for write-downs) of inventory to net realisable value.

Assets pledged as security

Inventories amounting to Rs 87M have been pledged as security for bank facilities granted to the Group (Notes 14 and 18).

12. CONTRACT ASSETS

	GROUP	
	2022	**2021**
	Rs	Rs
Non-current assets		
Contracts retention	46,619,492	44,036,644
Advance to subcontractors	45,651	3,748,570
	46,665,143	47,785,214
Current assets		
Trade receivables from contracts net of allowance for expected credit losses	994,723,800	915,004,030
Progress billings	(491,346,406)	(440,445,112)
Contracts retention	63,130,522	75,615,295
Advance to subcontractors	58,507,136	38,830,657
	625,015,052	589,004,870

The contract assets primarily relate to the Group's receivables from its construction contracting activities. Contract assets also include all contracts retention and advances paid to subcontractors. Out of the balances from trade receivables from current contracts assets at the end of the reporting date, Rs309M (2021: Rs370M) is due from Government Authorities and their related entities.

Contracts retention are amounts invoiced but not paid until the conditions specified in the contract are fulfilled or until defects have been rectified. These balances are carried at amortised cost using an effective interest rate of 7.5% p.a (2021:4.9%).

Advances are amounts paid to subcontractors for related work in progress.

Progress billings are amounts billed for work performed but not yet recognised as revenue as at reporting date.

Trade receivables from contracts are non-interest bearing and are generally on terms of 60 days. No interest is charged on the trade receivables but the Group reserves its contractual rights to claim interest on overdue amounts. The interest rates, if any, are normally agreed under the contract agreement.

In determining the recoverability of contract assets, the Group assesses its contractual rights and the terms and conditions of the agreements. The Group does not hold any collateral as security over these balances.

Prior to the decision to submit a tender for a particular contract, the Group assesses the financial strength and stability of the potential client. The Group bids for both private and Government projects. Payment terms form part of the contract agreement whereby all conditions and entitlements of the contractor are listed. The client portfolio varies from year to year depending on which contracts are awarded at that time.

Customer credit risk is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables and contract assets are regularly monitored. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

12. CONTRACT ASSETS continued

Balances of contract assets are assessed for expected credit losses.

Allowance for expected credit losses

31 December 2022

	Not yet due	Low risk including Government bodies	Medium risk	High risk
	Rs	Rs	Rs	Rs
Estimated total gross carrying amount at default	364,669,335	62,780,448	2,297,921	138,783,674
Expected credit losses	(95,131)	(208,905)	(719,349)	(56,854,129)
Specific provisions	–	–	–	(27,577,847)
Net carrying amount	364,574,204	62,571,543	1,578,572	54,351,698

31 December 2021

	Not yet due	Low risk including Government bodies	Medium risk	High risk
	Rs	Rs	Rs	Rs
Estimated total gross carrying amount at default	159,854,209	370,040,592	74,225,974	62,811,710
Expected credit losses	(38,881)	(1,041,083)	(7,857,501)	(21,204,936)
Net carrying amount	159,815,328	368,999,509	66,368,473	41,606,774

Allowance for expected credit losses

	GROUP	
	2022	2021
	Rs	Rs
At 1 January	30,142,401	15,405,441
Charge for the year	55,312,960	14,736,960
At 31 December	85,455,361	30,142,401

The increase in allowance for expected credit losses is due to the increased amount of contract assets at 31 December 2022.

12(a). TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Trade receivables, net of allowance for expected credit losses	272,123,877	136,456,192	–	–
Amount due from associates and joint venture (note 28)	6,967,059	13,369,021	6,704,859	8,734,241
Other receivables and prepayments	170,862,812	303,875,390	58,048,350	68,227,711
	449,953,748	453,700,603	64,753,209	76,961,952

The carrying amount of trade and other receivables approximate their fair value.

The average contractual credit period on sales of goods is three months. Allowance for expected credit losses is determined by the Group using provision matrix. No interest is charged on the trade receivables. Management expects full recoverability of due balances which are neither past due nor impaired.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. There are no customers (2021: Nil) who represent more than 5% of the total balance of trade receivables.

Included in the Group's trade receivables balance are debtors with a carrying amount of Rs 2,950,414 (2021: Rs 2,277,873) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Other receivables balances for the Group and the Company includes Rs 64M (2021:Rs 124M) and Rs 56M (2021 : Rs 67M) respectively from a single customer, the Government of Mauritius, on compulsory acquisition of land.

Ageing of past due but not impaired trade receivables

	GROUP	
	2022	2021
	Rs	Rs
61 - 90 days	2,486,576	1,919,766
Over 91 days	463,838	358,107
Total	2,950,414	2,277,873

Allowance for expected credit losses on trade receivables

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At 1 January	11,368,942	5,645,597	325,482	325,482
Charge for the year	2,498,229	5,723,345	–	–
Reversal of impairment losses	(1,145,590)	–	–	–
At 31 December	12,721,581	11,368,942	325,482	325,482

Impairment loss recognised/(reversed) on trade receivables refers to allowances for expected losses as required by IFRS 9. The increase in allowances for expected credit losses is directly attributable to the increase in trade receivables balances due at 31 December 2022. An amount of Rs96,329 (2021: Rs 3,904,113) out of the balance of expected credit losses was written off during the year as uncollectible.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

The Group applies the IFRS 9 simplified approach to measuring the expected credit losses for other receivables and amounts due from related parties. Expected credit losses are calculated based on individual balances on a case to case basis.

The Group's Other receivables are assessed for expected credit losses individually on a case-by-case basis and no impairment was made during the year (2021: Rs nil).

Credit exposure on trade receivables

Group - 31 December 2022	Less than 30 days	31 - 60 days	61 - 90 days	More than 90 days
Expected credit loss rate (%)	0% - 0.7%	0.7% - 8.8%	1.7% - 6.3%	74.4% - 100%
	Rs	Rs	Rs	Rs
Estimated total gross carrying amount at default	86,071,275	2,487,180	62,947	5,646,487
Expected credit loss	(100,682)	(889,971)	(6,314)	(4,809,338)
Net carrying amount	85,970,593	1,597,209	56,633	837,149

Group - 31 December 2021				
Expected credit loss rate (%)	0% - 0.7%	0.7% - 8.8%	1.7% - 6.3%	80.3% - 100%
	Rs	Rs	Rs	Rs
Estimated total gross carrying amount at default	130,895,099	2,829,488	222,640	13,877,907
Expected credit loss	(88,979)	(60,300)	(8,140)	(11,211,523)
Net carrying amount	130,806,120	2,769,188	214,500	2,666,384

NOTES TO THE FINANCIAL STATEMENTS
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13. STATED CAPITAL

	GROUP AND COMPANY	
	2022	2021
	Rs	Rs
Authorised 133,250,000 (2021: 133,250,000) Ordinary Shares of Rs1 (2021: Rs1) each	133,250,000	133,250,000
Issued and fully paid 133,250,000 (2021: 133,250,000) Ordinary Shares of Rs1 (2021: Rs1) each	133,250,000	133,250,000

Fully paid ordinary shares have rights to dividends and each share carries one voting right.

14. BORROWINGS

		GROUP		COMPANY	
		2022	2021	2022	2021
		Rs	Rs	Rs	Rs
(a)	Loans repayable by instalments	1,666,016,741	1,740,635,772	1,318,312,845	1,332,369,076
	Less: amount due for settlement within one year (shown under current liabilities)	(267,404,374)	(262,042,787)	(83,125,069)	(37,472,901)
	Amount due for settlement after one year (shown under non-current liabilities)	1,398,612,367	1,478,592,985	1,235,187,776	1,294,896,175
(b)	Bank loans	626,060,392	700,843,493	323,397,111	337,617,412
	Bond liability	994,915,734	994,751,664	994,915,734	994,751,664
	Other loans	45,040,615	45,040,615	–	–
		1,666,016,741	1,740,635,772	1,318,312,845	1,332,369,076

(c) The loan due for settlement after one year are repayable as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
After one year before two years	183,186,932	93,449,848	161,698,440	72,457,137
After two years before five years	472,785,435	295,839,631	330,849,335	229,799,038
After five years	742,640,000	1,089,303,506	742,640,000	992,640,000
	1,398,612,367	1,478,592,985	1,235,187,776	1,294,896,175

Part of the loans and bond liability are secured by fixed and floating charges on the assets of the borrowing companies. The rates of interest of the bank loans are variable and range between 5.90% p.a. to 7.50% p.a. (2021: 3.25% p.a. to 4.35% p.a.). The rates of interest of the bond liability are variable and range between 3.68% p.a. to 4.60% p.a. (2021: 3.10% p.a. to 4.60% p.a). The loans include a total amount of Rs 45,040,615 (2021: Rs 45,040,615) which are unsecured, interest-free with no fixed repayment terms. The fair value of borrowings approximates their carrying amount.

15. LEASE LIABILITIES

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At 1 January	238,925,175	241,769,956	21,331,340	24,658,248
Accretion of interest	15,131,976	15,996,259	1,089,341	1,315,880
Additions	82,240,098	36,816,580	–	–
Remeasurement of liabilities	(2,168,011)	594,557	(993,376)	244,779
Derecognition of liabilities	(13,623,560)	–	–	–
Repayments	(59,907,282)	(56,252,177)	(4,698,443)	(4,887,567)
Lease liabilities:	260,598,396	238,925,175	16,728,862	21,331,340
Less: amount due for settlement within one year (shown under current liabilities)	(36,179,927)	(38,927,602)	(3,825,037)	(3,785,383)
Amount due for settlement after one year (shown under non-current liabilities)	224,418,469	199,997,573	12,903,825	17,545,957

The lease liabilities in connection to property, plant & equipment relate to leasehold land and buildings, plant and machinery and motor vehicles with lease term ranging from 2 to 77 years including renewal period at the option of the Group. The lease liabilities pertaining to investment property represents bare leasehold land or leasehold land on which the Group has constructed an office building. The leases are for a remaining period of 5 to 15 years, with extensions period of 60 years.

The following are the amounts recognised in profit or loss:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Depreciation of right-of-use assets	50,043,033	47,252,065	3,735,084	3,933,762
Interest expense on lease liabilities	15,131,976	15,996,259	1,089,341	1,315,880
Expense relating to short-term leases	2,403,972	2,403,972	–	–
	67,578,981	65,652,296	4,824,425	5,249,642
Total cash outflows	(59,907,282)	(56,252,177)	(4,698,443)	(4,887,567)

16. RETIREMENT BENEFIT OBLIGATIONS

(a) Defined contribution plan

The Company participates in a multi-employer defined contribution (DC) pension plan to which it contributes 6%, 8% or 10% of its eligible employees' salaries depending on age. The assets of the plans are held separately from those of the Group in funds under the control of an independent management committee. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. Any residual gratuities under the Workers' Rights Act 2019 for the qualifying employees after allowing for permitted deductions in respect of the pension plan are included below in the tables for the retirement benefits in respect of The Workers Rights Act 2019.

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Amount recognised as expense for the defined contribution plan	40,423,552	12,490,308	6,504,000	3,400,000

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16. RETIREMENT BENEFIT OBLIGATIONS continued

(b) Statutory retirement benefits in respect of the Workers Rights Act 2019

The Group has recognised a net defined benefit liability of Rs 103,485,713 (Company: Rs 18,464,000) in its statement of financial position as at 31 December 2021 (2021: Group Rs 71,684,858 and Company: Rs 12,175,000) in respect of any additional retirement gratuities that are expected to be paid out of the Company's cashflow to its employees under the Workers Rights' Act (WRA) 2019.

The defined benefit liability exposes the Group to normal risks described below:

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

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

The Group had a residual obligation imposed by WRA 2019 on top of its DC plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year, except for a change in the retirement gratuity formula from 15/26 to 15/22 in respect of all service retrospectively.

Since 1 January 2022, employers are required to make contributions into the Portable Retirement Gratuity Fund (PRGF) for their employees who are not covered under any approved pension schemes. As such, the estimated plan assets of Rs 4,355,000 for the Group as at 31 December 2022 are in respect of the accumulated contributions for all employees to PRGF (for January 2022 to December 2022) without interest return as this is not yet known.

(c) Reconciliation of net defined benefit liability

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Reconciliation of net defined benefit liability:				
At 1 January	71,684,858	63,531,863	12,175,000	6,211,000
Amount recognised in statement of profit or loss	40,424,552	12,569,307	6,504,000	3,400,000
Amount recognised in other comprehensive income	(356,979)	(3,196,312)	38,000	(1,172,000)
Transfer of liability (to)/from related party	–	–	(253,000)	3,736,000
Less: employer contributions	(8,266,718)	(1,220,000)	–	–
At 31 December	103,485,713	71,684,858	18,464,000	12,175,000

(d) Reconciliation of net defined benefit liability

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Reconciliation of net defined benefit liability:				
Interest income	110,000	–	–	–
Employer contributions	8,264,000	–	253,000	–
Benefits paid	(3,409,000)	–	(34,000)	–
Return on plan assets excluding interest income	(110,000)	–	–	–
At 31 December	4,855,000	–	219,000	–

(d) Movement in the present value of the defined benefit obligation in the current year were as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At 1 January	71,684,858	63,531,863	12,175,000	6,211,000
Current service cost	10,686,750	7,302,003	1,715,000	1,212,000
Interest expense	5,021,462	1,937,304	798,000	269,000
Past service cost	24,825,340	3,330,000	3,996,000	1,919,000
Employer contributions	(3,411,718)	(1,220,000)	(34,000)	–
Transfer of liability to related party	–	–	–	3,736,000
Liability experience loss/(gain)	5,412,021	(3,584,000)	833,000	(1,095,000)
Liability (gain)/loss due to change in financial assumptions	(5,878,000)	387,688	(800,000)	(77,000)
At 31 December	108,340,713	71,684,858	18,683,000	12,175,000

(e) Amount recognised in statements of profit or loss in respect of defined benefit plans are as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Current service cost	10,686,750	7,302,003	1,715,000	1,212,000
Settlement loss	5,952,000	–	–	–
Past service cost	18,874,340	3,330,000	3,996,000	1,919,000
Interest expense	4,911,462	1,937,304	793,000	269,000
Amounts recorded in statements of profit or loss	40,424,552	12,569,307	6,504,000	3,400,000

(f) Components of amount recognised in other comprehensive Income

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Return on plan assets (above)/below interest income	74,000	–	5,000	–
Liability experience loss/(gain)	5,447,021	(3,584,000)	833,000	(1,095,000)
Liability (gain)/loss due to change in financial assumptions	(5,878,000)	387,688	(800,000)	(77,000)
Components of defined benefit costs recorded in other comprehensive income	(356,979)	(3,196,312)	38,000	(1,172,000)

The past service cost, the service cost and the net-interest expenses for the year is included in the employee benefits expenses in the statement of profit or loss and other comprehensive income. The remeasurement on the net defined benefit liability is included in other comprehensive income.

The allocation plan assets at the end of the period

	GROUP AND COMPANY	
	2022	2021
	%*	%
Cash and other	100	–

*Since no information is yet available on the investment mix of the PRGF, we have assumed 100% cash.

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16. RETIREMENT BENEFIT OBLIGATIONS continued

(g) The principal assumptions used for the purposes of the actuarial valuation were as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Discount rate	6.6% to 6.7%	3.9% to 4.6%	6.6%	2.7%
Expected rate of salary increase	3.0% to 5.3%	2.2% to 3.1%	5.0%	1.3%
Expected rate of pension increases	0.0%	0.0%	0.0%	0.0%
Average retirement age (ARA)	65 / 60 years	65 / 60 years	65 / 60 years	65 / 60 years

(h) Sensitivity analysis on defined benefit obligation at end of year

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Increased due to 1% decrease in discount rate	20,450,143	16,884,253	2,245,000	1,741,000
Decreased due to 1% increase in discount rate	20,908,345	18,210,438	1,924,000	1,468,000
Increased due to 1% increase in salary rate	20,417,992	18,305,091	2,264,000	1,786,000
Decreased due to 1% decrease in salary rate	15,390,997	13,512,078	1,970,000	1,530,000

(i) Future cash flows

The funding policy is to pay contributions to PRGF and top-up benefits out of the reporting entity's cashflow as and when due.

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Expected employer contributions to PRGF and top-up benefits for the next year	6,925,000	2,297,000	513,000	366,000
Weighted average duration of the defined benefit obligation	10 to 27 years	7 to 30 years	10 years	6 years

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
CSG/NPS contributions expensed	11,157,755	8,780,074	2,428,437	2,289,715

17. TAXATION

(a) Income Tax

(i) The Income tax expense for the year can be reconciled to the accounting profit as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Profit before taxation	544,763,006	403,715,112	389,775,134	306,449,961
Tax at the above applicable rate (17%)	187,629,083	67,759,459	66,535,080	52,096,493
Income not subject to tax	(172,335,264)	(49,209,047)	(90,561,303)	(58,706,752)
Underprovision in previous year	4,780,884	3,005,262	–	1,855,185
Expenses not deductible	39,789,698	18,561,696	27,902,269	5,079,175
Tax losses for which no deferred tax recognised/(utilisation of tax losses previously not recognised)	4,113,908	3,353,170	–	281,927
Taxation	63,978,309	43,470,540	3,876,046	606,028

Income not subject to tax refers to the net gain from fair value adjustment of investment properties, share of profits of associates and joint venture for the group, and other income like profit on sale of property, plant and equipment and investment properties. For Company, it also includes dividend income. Expenses not deductible for the Company which is reflected in the Group figure mainly represents the proportion of expenses attributable to dividend income which is disallowed as not deductible, plus other costs not directly linked with production of taxable Income.

(ii) Income tax recognised in statements of profit or loss

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Current tax expense	78,020,294	34,904,424	5,649,501	–
Underprovision in previous year	4,780,884	3,005,262	–	1,855,185
Deferred tax movement	(18,822,869)	5,560,854	(1,773,455)	(1,249,157)
	63,978,309	43,470,540	3,876,046	606,028

(iii) Income tax recognised in statements of financial position

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At 1 January	3,991,346	31,020,700	(6,553,635)	6,411,015
Charge for the year	78,020,294	34,904,424	5,649,501	–
Paid during the year	(32,527,056)	(64,939,040)	(175,960)	(14,819,835)
Underprovision in previous year	4,780,884	3,005,262	–	1,855,185
At 31 December	54,265,468	3,991,346	(1,080,094)	(6,553,635)

Disclosed as follows:	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Current tax assets	(1,181,398)	(7,986,147)	(1,080,094)	(6,553,635)
Current tax liabilities	55,446,866	11,977,493	–	–
	54,265,468	3,991,346	(1,080,094)	(6,553,635)

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for the year ended 31 December 2022

17. TAXATION continued

(b) Deferred tax liabilities/(assets)

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Deferred tax assets	(47,743,183)	(22,032,354)	–	–
Deferred tax liabilities	87,046,204	76,901,164	6,408,000	8,929,000
Net deferred tax liabilities	39,303,021	54,868,810	6,408,000	8,929,000

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
At 1 January	54,868,810	45,081,553	8,929,000	9,629,520
Charge/(credit) to statement of profit or loss:				
Deferred tax expense	(18,822,869)	5,560,854	(1,773,455)	(1,249,157)
Charged/(credited) to other comprehensive income:				
Revaluation of buildings	3,205,914	3,702,920	(741,085)	349,397
Remeasurement of retirement benefit obligations	51,166	523,483	(6,460)	199,240
At 31 December	39,303,021	54,868,810	6,408,000	8,929,000

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Accelerated capital allowances	62,636,626	57,518,881	4,165,476	4,364,565
Revaluation surplus on land and buildings	38,762,360	36,068,142	5,381,404	6,634,185
Retirement benefit obligations	(17,592,571)	(13,073,198)	(3,138,880)	(2,069,750)
Unused tax losses	(27,310,059)	(13,379,505)	–	–
Other provision and temporary differences	(17,193,335)	(12,265,510)	–	–
	39,303,021	54,868,810	6,408,000	8,929,000

The Group has aggregate unutilised tax losses and deductible temporary differences of Rs 53,020,013 (2021: Rs 52,926,704) to carry forward against future taxable income for which a deferred tax asset has not been recognised due to uncertainty of their recoverability.

The expiry dates of the unutilised tax loss are as follows:

	GROUP	
	2022	2021
	Rs	Rs
31 December 2027	13,165,177	–
31 December 2026	10,645,327	13,151,610
31 December 2025	16,697,912	16,697,912
31 December 2024	10,115,602	10,591,317
31 December 2023	2,395,995	9,725,333
31 December 2022	–	2,760,532
	53,020,013	52,926,704

18. BANK OVERDRAFTS

The bank overdrafts for Group amounting to Rs 221,143,909 (2021: Rs 16,748,011) are secured by fixed and floating charges on the assets of the Company and of the Group, including property, plant and equipment and investment properties and inventories.

Interest rates are floating rates and range between 6.30% and 6.75% p.a. (2021: 4% and 4.60% p.a).

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Trade payables	232,535,728	217,518,763	7,929,475	6,971,904
Amount due to joint venture	–	–	–	–
Other payables and accruals	721,424,422	839,294,638	99,520,795	103,120,909
Advance payment from customers	2,128,194	–	–	–
Prize liability and reserve fund	225,019,728	79,104,208	–	–
Unclaimed prize	–	15,472,172	–	–
Consolidated Fund	142,563,772	80,935,706	–	–
	1,323,671,844	1,232,325,487	107,450,270	110,092,813
Less: Amount due for settlement after one year (shown under non current liabilities)	(64,536,903)	(97,687,596)	–	–
	1,259,134,941	1,134,637,891	107,450,270	110,092,813

Other Payables and Accruals comprise mainly of accruals for goods and services relating to the Group's operations which was not yet invoiced at reporting date, and amounts due to third parties which are not classified as trade creditors. The amount comprise of Rs 427M (2021:Rs 343M) of accruals relating to construction costs on ongoing contracts.

The directors consider that the carrying amount of trade payables approximate their fair value.

The average credit period of creditors is two months. No interest is charged on trade payables. The Group has policies and procedures in place to ensure that all payables are paid within the credit timeframe.

19a. CONTRACT LIABILITIES

	2022	2021
	Rs	Rs
Non current		
Retention payable to subcontractors	10,468,387	14,746,292
Advance from customers	30,822,113	25,718,892
	41,290,500	40,465,184
Current		
Retention payable to subcontractors	83,021,108	67,836,052
Advance from customers	131,905,522	78,730,629
	214,926,630	146,566,681

The contract liabilities primarily relate to the advance consideration received from customers for the performance obligation yet to be satisfied and retention payable to sub-contractors

Set out below is the amount of revenue recognised from:

	GROUP	
	2022	2021
	Rs	Rs
Amounts included in contract liabilities at the beginning of the year	53,594,608	47,198,155
Performance obligations satisfied in previous years	–	–

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19a. CONTRACT LIABILITIES continued

The non-current contract liabilities are carried at amortised cost using an effective interest rate of 4.90% p.a (2021: 4.90%).

The significant changes in the balances of contract liabilities are disclosed in Note 20.

20. TURNOVER AND REVENUE

	GROUP		COMPANY	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Turnover	6,991,695,998	5,507,670,199	639,049,692	473,439,135
Less: Prizes	(1,438,727,034)	(1,036,884,691)	–	–
Revenue	5,552,968,964	4,470,785,508	639,049,692	473,439,135
Sale of goods	2,448,374,449	1,839,038,065	–	–
Construction contract revenue (a)	1,594,563,937	1,531,652,822	–	–
Lottery	1,478,888,644	1,056,004,177	–	–
Rendering of services	24,082,350	25,327,433	174,056,564	143,045,356
Revenue from contracts with customers	5,545,909,380	4,452,022,497	176,231,564	143,045,356
Rental Income from investment properties	7,059,584	18,763,01	–	–
Dividend income	–	–	462,818,128	330,393,779
Revenue	5,552,968,964	4,470,785,508	639,049,692	473,439,135

Set out below is the disaggregation of the revenue from contract with customers:

(a) Disaggregation of revenue

	GROUP		COMPANY	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Set out below is the disaggregation of revenue from contract with customers:				
Type of revenue				
Sale of building materials	2,431,683,090	1,826,840,710	–	–
Construction contract revenue	1,594,563,937	1,531,652,822	–	–
Sale of lottery tickets	1,478,888,644	1,056,004,177	–	–
Sale of goods and services	40,773,709	37,524,788	176,231,564	143,045,356
Revenue from contracts with customers	5,545,909,380	4,452,022,497	176,231,564	143,045,356
Timing of revenue recognition				
At a point in time	3,951,345,443	2,920,369,675	176,231,564	143,045,356
Over time	1,594,563,937	1,531,652,822	–	–
Revenue from contracts with customers	5,545,909,380	4,452,022,497	176,231,564	143,045,356

	GROUP	
Revenue derived over time are earned on:	2022 Rs	2021 Rs
Short-term contracts	475,231,214	506,807,005
Long-term contracts	1,119,332,723	1,024,845,817
Total revenue	1,594,563,937	1,531,652,822

The Group has disaggregated revenues generated from contracts with customers in terms of contract duration as projects profitability is normally analysed as being generated from short term or long term contracts. Short-term contracts are contracts having a duration of less than one year and long-term contracts are those having a duration of one year or more.

Disaggregation of revenue from contract with customers between segments:

2022	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & others Rs	Total Rs
External customer	2,431,683,090	1,603,869,296	6,732,876	1,478,888,644	24,735,474	5,545,909,380
Inter-segment Revenue	9,042,357	57,752,580	429,131	–	179,021,788	246,245,856
	2,440,725,447	1,661,621,876	7,162,007	1,478,888,644	203,757,262	5,792,155,236
Inter-segment adjustments and eliminations	(9,042,357)	(57,752,580)	(429,131)	–	(179,021,788)	(246,245,856)
Revenue with external customers	2,431,683,090	1,603,869,296	6,732,876	1,478,888,644	24,735,474	5,545,909,380

2021	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & others Rs	Total Rs
External customer	1,826,840,710	1,543,765,177		1,056,004,177	25,412,433	4,452,022,497
Inter-segment Revenue	7,144,465	3,425,364	–	–	141,533,555	152,103,384
	1,833,985,175	1,547,190,541	–	1,056,004,177	166,945,988	4,604,125,881
Inter-segment adjustments and eliminations	(7,144,465)	(3,425,364)	–	–	(141,533,555)	(152,103,384)
Revenue with external customers	1,826,840,710	1,543,765,177	–	1,056,004,177	25,412,433	4,452,022,497

(b) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	GROUP	
	2022 Rs	2021 Rs
Advance from customers		
At 1 January	104,449,521	94,630,721
Amount received during the year	111,872,722	57,016,955
Amount recognised in revenue	(53,594,608)	(47,198,155)
At 31 December	162,727,635	104,449,521

(c) Significant changes in contract assets and liabilities

Significant increases in non-current and current contract assets are due to more retention monies receivable and advances paid to subcontractors on long term ongoing construction projects as at 31 December 2022. This has also resulted in a decrease in current trade receivable under contract assets. These relate to payment applications that have been sent to customers for which the final account settlement is still in progress as at reporting date or to payment applications which have not been certified by the customers as at reporting date.

The decrease in non-current contract liabilities relates to (i) advance of Rs18m from clients that have been classified from non-current portion to current portion as these will be released within one year of the current financial year (ii) a slight increase in retention to subcontractors. Current contract liabilities have increased mainly by the additional advance from clients received during the year. Refer to note 12 and note 19 for a more detailed movement in contract liabilities in respect of advance from clients.

(d) Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term construction contracts.

	GROUP	
	2022 Rs	2021 Rs
Aggregate amount of the transaction price allocated to long term contract that are partially or fully unsatisfied at reporting date	2,093,704,671	1,016,720,014

Management expects that the transaction price allocated to the unsatisfied contracts as at 31 December 2022 will be recognised as revenue during the next reporting period. The amount disclosed does not include variable consideration which is constrained.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

20. TURNOVER AND REVENUE continued

(e) Performance obligations

Information on the Group's performance obligations are summarised below:

Construction contracts with customers

The performance obligation is satisfied over-time. Invoicing is performed on a monthly basis based on the value of the work completed. Payment is generally due upon acceptance of the invoice issued by the customer. In some contracts, short term advances are required before the construction is started. These advances are interest free. For more information on advances from clients refer to Note 19.

Sale of building materials

The performance obligation is satisfied upon delivery of building materials and payment is generally due within 60 days from delivery.

Sale of lottery tickets

Sale of lottery tickets are the wagers placed on lottery tickets on the Group's draw-based game. Revenue recognition occurs when the draw has been held and the results have been certified by the Gambling Regulatory Authority.

Sale of goods and services

The performance obligation is satisfied upon delivery of goods and services and payment is generally due within 60 days from delivery. Sale of goods and services relate to asphalt selling and management fees income from associate and joint venture.

21. OPERATING PROFIT

The Operating profit from continuing operations is arrived at:

		GROUP		COMPANY	
		2022	2021	2022	2021
		Rs	Rs	Rs	Rs
(i)	After crediting:				
	Profit disposal of property, plant and equipment	(1,669,651)	(8,796,074)	–	(8,796,074)
	Profit disposal of investment properties	–	(15,564,750)	–	–
	Profit on disposal of subsidiary	–	–	–	(469,009)
	Interest income	(9,276,322)	(2,269,347)	(22,490,340)	(7,093,717)
	Net foreign exchange gains	(8,625,662)	(42,527,252)	–	(7,537,856)
	Write back of payables upon winding up of subsidiaries	–	–	(16,599,482)	–
	Release of provision for slow moving inventories	(4,967,996)	(45,090)	–	–
	Unloading income	(82,122,358)	–	–	–
	Other operating income	(80,487,951)	(24,422,032)	(10,131,643)	(11,676,982)
(ii)	and charging:			–	–
	– Cost of sales	4,546,036,944	3,588,177,270	–	–
	– Administrative expenses and selling expenses	847,128,839	682,055,371	244,380,819	168,066,488
	Included in cost of sales, selling and administrative expenses are:				
	Cost of inventories expensed (Note 11)	1,605,477,146	1,452,580,868	–	–
	Subcontractors' cost	–	558,257,440	–	–
	Depreciation (Note 5)	87,646,917	67,896,283	4,124,141	4,103,546
	Depreciation of rights-of-use assets (Note (5(g))	50,043,033	47,252,065	3,735,084	3,933,762
	Amortisation of intangible assets (Note 6)	18,706,458	7,304,821	620,022	606,222
	Staff costs	679,288,545	581,660,380	144,286,650	138,463,839
	Net Impairment of Investments in Subsidiaries	–	–	14,337,032	660,080
	Revaluation loss on building	–	1,300,000	–	–
	Derecognition of goodwill (Note 31)	–	25,855,314	–	–

22. FINANCE COSTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Interest expense on:				
Bank overdrafts	16,182,747	3,810,750	9,826	997
Loans repayable by instalments	27,681,942	30,850,274	13,198,618	12,983,573
Bond notes	39,817,419	20,750,036	39,817,419	20,750,036
Unwinding of Discount under Amortised Cost Calculation (net)	4,010,531	–	–	–
Finance charges on lease liabilities	15,131,976	15,996,259	1,089,341	1,315,880
Finance Costs	102,824,615	71,407,319	54,115,204	35,050,486

23. DIVIDEND

	COMPANY	
	2022	2021
	Rs	Rs
Final dividend of Rs 1.50 (2021: Rs 1.31) per share	199,875,000	174,557,500
Interim dividend of Rs 0.50 (2021: Rs 0.50) per share	66,625,000	66,625,000
Total dividend paid during the year	266,500,000	241,182,500

24. EARNINGS PER SHARE

	2022	2021
	Rs	Rs
Profit attributable to owners of the Company	412,623,311	300,970,155
Number of Shares for Earnings per Share Calculation	133,250,000	133,250,000
Earnings per Share (Basic and Diluted)	3.10	2.26

There were no dilution of shares for the periods presented therein.

25. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Property, plant and equipment purchased	107,853,419	129,250,211	1,692,152	1,309,023
Financed as follows:				
Lease (rights-of-use assets)	39,681,926	36,816,580	–	–
Cash disbursed	68,171,493	92,433,631	1,692,152	1,309,023
Total	107,853,419	129,250,211	1,692,152	1,309,023

26. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Cash at bank, in hand and short term deposits	1,116,041,679	1,124,524,210	429,932,509	650,372,279
Bank overdrafts	(221,143,909)	(16,748,011)	–	–
	894,897,770	1,107,776,199	429,932,509	650,372,279

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27. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Executive Committee in order to allocate resources to the segments identified previously under IAS 14, Segmental Reporting.

Information reported to the chief operating decision maker focuses on the types of goods and services delivered or provided. The directors of the Company have chosen to organize the Group around differences in products and services.

The Group's reportable segments under IFRS 8 are:

- Building Materials segment, which imports cement in bulk and sells it in bulk or bags
- Contracting segment, which is engaged in the building and civil engineering works, asphalt production and asphalt road works
- Investments segment, which has a bank of land and office buildings for development and rental
- Lottery segment, which is engaged in the lottery business
- Corporate Services & Others segment, which provides the corporate and secretarial services for the Group

(a) Segment Revenue and Results

The following is an analysis of the Group's revenue from continuing operations.

2022	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & Others Rs	Eliminations Rs	Total Rs
REVENUE							
External Sales	2,431,683,090	1,603,869,296	6,732,876	1,478,888,644	131,011,298	(99,216,240)	5,552,968,964
Inter-segment Sales	9,042,357	8,587,215	429,131	–	808,278,597	(826,337,300)	–
	2,440,725,447	1,612,456,511	7,162,007	1,478,888,644	939,289,895	(925,553,540)	5,552,968,964
OPERATING PROFIT							
Segment Results	92,317,873	75,847,223	32,514,105	192,178,266	308,699,738	(354,604,084)	346,953,121
Net Impairment Reversal on Financial and Contract Assets							(51,259,057)
Fair Value Gain on Investment Properties							126,076,823
Finance Costs	(20,998,358)	(4,767,838)	(7,891,728)	(5,309,344)	(59,809,559)	(4,047,788)	(102,824,615)
Share of Profit of Associates and Joint Venture	127,564,174	–	–	–	98,252,560	–	225,816,734
Profit before Taxation							544,763,006
Taxation							(63,978,309)
Profit for the Year							480,784,697

2021	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & Others Rs	Eliminations Rs	Total Rs
REVENUE							
External Sales	1,826,840,710	1,543,765,177	18,753,849	1,056,004,177	166,069,022	(140,647,427)	4,470,785,508
Inter-segment Sales	7,144,465	3,425,364	211,304	–	513,298,519	(524,079,652)	–
	1,833,985,175	1,547,190,541	18,965,153	1,056,004,177	679,367,541	(664,727,079)	4,470,785,508
OPERATING PROFIT							
Segment Results	161,511,201	22,259,002	13,769,006	97,800,757	387,439,318	(388,601,872)	294,177,412
Net Impairment Reversal on Financial and Contract Assets							(11,843,910)
Fair Value Gain on Investment Properties							47,848,147
Finance income							–
Finance Costs	(31,307,595)	(1,361,647)	(7,337,405)	(3,232,263)	(35,694,813)	7,526,404	(71,407,319)
Share of Profit of Associates and Joint Venture	111,460,688	–	–	–	33,480,094	–	144,940,782
Profit before Taxation							403,715,112
Taxation							(43,470,540)
Profit for the Year							360,244,572

Segment revenue reported above represents revenue generated from external customers.

Inter-segment sales are effected on an arm's length basis.

External sales elimination refers to dividend income from Associates and Joint Venture. The dividends are eliminated on consolidation since the share of Profit of Associates and Joint Venture are taken in the Group results.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

27. SEGMENT INFORMATION continued

(b) Segment Assets and Liabilities

2022	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & Others Rs	Eliminations Rs	Total Rs
ASSETS							
Segment Assets	1,418,441,316	1,034,346,145	837,796,649	754,947,581	2,043,869,839	655,302,952	6,744,704,482
Investments in Associates and joint venture	562,304,688	–	–	–	483,452,597	–	1,045,757,285
Unallocated Corporate Assets							55,353,001
Total Assets							7,845,814,768
LIABILITIES							
Segment Liabilities	338,612,862	934,745,392	293,744,123	446,272,195	230,549,797	(329,794,633)	1,914,129,736
Unallocated Corporate Liabilities							2,059,497,068
Total Liabilities							3,973,626,804
Non-controlling Interests	88,177,179	–	–	89,324,800	5,237,220	–	182,739,198
Shareholders' Funds							3,689,448,767
Total Equity and Liabilities							7,845,814,769

2021	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & Others Rs	Eliminations Rs	Total Rs
ASSETS							
Segment Assets	779,604,311	757,477,106	701,638,945	527,152,364	3,818,740,418	(1,029,249,788)	6,421,656,482
Investments in Associates and joint venture	426,880,013	–	–	–	426,672,682	–	842,551,611
Unallocated Corporate Assets							23,741,515
Total Assets							7,287,949,608
LIABILITIES							
Segment Liabilities	656,178,270	771,418,078	370,997,930	281,750,056	307,710,456	(880,264,569)	1,507,790,221
Unallocated Corporate Liabilities							2,068,439,604
Total Liabilities							3,973,626,804
Non-controlling Interests	111,575,455	–	–	78,149,679	920,927	–	190,646,061
Shareholders' Funds							3,521,073,722
Total Equity and Liabilities							7,287,949,608

For the purpose of monitoring segment performance and allocating resources between segments:

All assets and liabilities are allocated to reportable segments. Goodwill is allocated to reportable segments as described in Note 6. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

(c) Other Information

(i) Capital Additions, Depreciation and Amortisation

2022	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & others Rs	Eliminations Rs	Total Rs
Capital Additions	78,248,281	5,489,611	–	50,597,776	8,119,809	–	142,455,477
Depreciation and Amortisation	74,219,075	23,965,489	1,128,513	44,378,611	12,704,720	–	156,396,408

2021	Building materials Rs	Contracting Rs	Investments Rs	Lottery Rs	Corporate services & others Rs	Eliminations Rs	Total Rs
Capital Additions	81,027,169	16,493,800	–	110,761,286	3,846,701	–	212,128,956
Depreciation and Amortisation	64,074,665	23,888,583	1,128,513	22,063,074	11,298,334	–	122,453,169

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

27. SEGMENT INFORMATION continued

(c) Other Information continued

(ii) Geographical Information

The following table provides an analysis of the Group's Revenue with external customers and total assets by geographical market:

	Revenue		Total Assets	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Mauritius	5,062,584,261	4,361,773,697	7,666,490,207	7,117,642,255
Madagascar	490,384,703	109,011,811	179,324,561	170,307,353
	5,552,968,964	4,470,785,508	7,845,814,768	7,287,949,608

(iii) Information about major customers

No single customer contributed 10% or more of the Group's revenue for both 2022 and 2021.

(iv) Revenue from Major Products and Services

The following is an analysis of the Group's revenue classified into its major products and services.

	2022	2021
	Rs	Rs
Building Materials	2,431,683,090	1,826,840,710
Contracting	1,603,869,296	1,531,652,822
Investment Properties	6,732,876	18,763,011
Lottery	1,478,888,644	1,056,004,177
Others	31,795,058	37,524,788
	5,552,968,964	4,470,785,508

28. 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. The transactions of the Group with related parties during the year are as follows:

(a) Purchases of Goods and Services

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
From Subsidiaries	–	–	10,451,468	5,995,000
From Director-related Entities	380,000	3,387,065	380,000	2,176,100
From Associates and Joint venture	176,256,332	176,894,614	973,585	288,864

(b) Income

		GROUP		COMPANY	
		2022	2021	2022	2021
		Rs	Rs	Rs	Rs
(i)	Dividend income				
	From Subsidiaries	–	–	406,101,888	220,347,719
	From Associates and Joint venture	99,216,240	140,647,427	56,716,240	110,046,060
(ii)	Management Fee income, Secretarial Fee, Treasury Fee and Rental Income				
	From subsidiaries	–	–	152,586,213	121,705,423
	From Associates and Joint venture	24,082,350	25,659,933	33,755,950	21,339,933
(iii)	Sale of goods				
	From Associates and Joint venture	304,482,225	303,085,792	–	–
(iv)	Interest Income				
	From Subsidiaries	–	–	12,057,915	5,426,738

The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.

(c) Compensation of Key Management Personnel

	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Short-term Benefits	170,969,218	155,547,956	94,067,123	78,645,861
Post-employment Benefits	7,210,141	6,661,279	1,692,484	1,143,622
	178,179,359	162,209,235	95,759,607	79,789,483

(d) Outstanding Balances

(i) Amount due from Related Parties:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Subsidiaries	–	–	406,572,025	370,746,268
Associates	449,100	7,186,919	186,900	2,717,839
Joint Venture	6,517,959	36,754,520	6,517,959	6,016,402
	6,967,059	43,941,439	413,276,884	379,480,509

The terms and conditions of amount due from subsdiaries to the Company are as follows:

- Rs 100M is unsecured, repayable on demand and bears interest at 5.30% p.a.
- Rs 70M is unsecured, repayable on demand and bears interest at 4.30% p.a.
- Rs 50M is unsecured, three months tenor and bears interest at 4.30% p.a.

The remaining balances from related parties are unsecured, interest free and repayable at call except for the amounts shown in Note 7(c)

Amount due by Joint Venture to the Group

The amount due from Joint Venture of Rs 6,517,959 is classified under Trade Receivables in note 12(a). In 2021, that amount was Rs 30,572,418. Amounts due from related parties have been tested for impairment using the ECL method and no impairment is deemed to be recorded.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

28. RELATED PARTY TRANSACTIONS continued

(d) Outstanding Balances continued

(ii) Amount due to Related Parties

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Director-related Entities	33,818,615	45,040,615	–	–
Amount due to Subsidiaries	–	–	154,382,721	100,153,478
Associates and Joint venture included in Creditors and Accruals	56,955,450	57,509,826	–	–
	90,774,065	102,550,441	154,382,721	100,153,478

29. FINANCIAL INSTRUMENTS

During the course of its ordinary activities, the Group is exposed to various risks such as capital risk, market risk (which comprises of interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The risks are monitored and reviewed by the Audit and Risk Committee on a quarterly basis. The risks are managed by senior management of the Group companies. The Group's financial risks activities are governed by appropriate policies and procedures, and the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

(a) Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of net debt offset by cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

(b) Gearing Ratio

The Group reviews the capital structure on a regular basis and as part of this review, management considers the cost of capital and the risks associated with its capital. The Company issued Rs 1,000M in 2021 which is secured, fixed and floating rates, Bond notes by way of private placement. The repayment period ranges from 6 to 10 years.

The gearing ratio at the year end was as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Debt (i)	2,147,759,046	1,996,308,958	1,335,041,707	1,353,700,416
Cash at Bank and in Hand	(1,116,041,679)	(1,124,524,210)	(429,932,509)	(650,372,279)
Net Debt	1,031,717,367	871,784,748	905,109,198	703,328,137
Equity (ii)	3,872,187,965	3,711,719,783	1,628,136,098	1,504,086,786
Gearing Ratio	26.6%	23.5%	55.6%	46.8%

(i) Debt is defined as short and long term borrowings, as detailed in Notes 14, 15 and 18.

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

(c) 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 asset and financial liability and equity instruments are disclosed in Note 3 to the financial statements.

(d) Fair Values

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

Categories of Financial Instruments

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Financial Assets				
Financial Assets at Fair Value through profit or loss	142,160,670	–	142,160,670	–
Financial Assets at amortised cost	1,703,342,891	2,142,547,324	1,050,303,724	1,098,570,613
	1,845,503,561	2,142,547,324	1,192,464,394	1,098,570,613
Financial Liabilities				
Financial Liabilities at amortised cost	3,464,246,407	3,334,581,203	1,441,275,236	1,482,867,600

Total financial assets consist of non-current receivables, trade and other receivables excluding prepayments, cash and cash equivalents, convertible bonds, debt securities and amounts due from subsidiaries (Company only).

Total financial liabilities consist of trade and other payables, lease liabilities, loans, bonds and amounts due to subsidiaries (Company only).

(e) Fair Value Measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(f) Currency Risk

Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to the risk that the exchange rate of the Mauritian rupee relative to the currencies listed below (Note (g)) may change in a manner which has a material effect on the reported values of its assets and liabilities.

(g) Currency Profile

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

Group	Financial Assets		Financial Liabilities	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Currency				
Mauritian Rupee	1,307,914,113	1,593,954,496	3,228,808,530	3,155,792,632
United States Dollar	180,366,650	265,978,070	141,792,413	158,746,736
Euro	142,160,670	242,017,033	–	–
Malagasy Ariary	72,901,458	40,218,966	93,645,464	19,807,933
Great Britain Pound	–	378,759	–	233,902
	1,703,342,891	2,142,547,324	3,464,246,407	3,334,581,203

Company	Financial Assets		Financial Liabilities	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Currency				
Mauritian Rupee	908,143,054	608,802,202	1,441,275,236	1,482,867,600
United States Dollar	–	249,176,460	–	–
Euro	142,160,670	240,591,951	–	–
	1,050,303,724	1,098,570,613	1,441,275,236	1,482,867,600

Included in United States Dollar and Euro under Financial Assets are mainly cash at banks and short term deposits.

Included in United States Dollar and Euro under Financial Liabilities are mainly trade payables.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

29. FINANCIAL INSTRUMENTS continued

(h) Foreign Currency Sensitivity Analysis

The Group is mainly exposed to United States Dollar (USD), Euro and Malagasy Ariary.

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currencies against the Mauritian Rupee. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. An increase in foreign currency will lead to an overall increase in profit and equity as shown below, and vice-versa.

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
	Impact		Impact	
United States Dollar	1,928,712	5,361,567	–	12,458,823
Euro	7,108,034	12,100,852	7,108,034	12,029,598
Malagasy Ariary	(1,037,200)	1,020,552	–	–
Great Britain Pound	–	7,243	–	–
Total	7,999,546	18,490,214	7,108,034	24,488,421

The above is mainly attributable to the Group's exposure outstanding on cash and cash equivalents, Accounts receivables, Accounts payables and borrowings in USD, Euro and Malagasy Ariary. The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. There was no open forward contract at reporting date.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(i) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are approved and reviewed by key management on regular basis.

The Group's credit risk is primarily attributable to its trade receivables and from its financing activities including deposits with banks and financial institutions. The amounts presented in the Statements of Financial Position are net of allowances for expected credit losses, estimated by management based on prior experience and represents the company's maximum exposure to credit risk.

The Group does not hold collateral as security.

Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased for material subsidiaries of the group.

The Group does not have any significant concentration of credit risks other than those disclosed in Note 12.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns i.e., by customer type and rating. Generally, trade receivables are impaired if past due for more than one year. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12.

(j) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The interest rate profile of the financial liabilities at 31 December was:

Financial Liabilities

2022	Mauritian Rupee		USD		Malagasy Ariary	
	2022	2021	2022	2021	2022	2021
	%	%	%	%	%	%
Bank Overdraft - Floating rates	From 6.25% to 6.75%	From 4.00% to 4.60%	–	–	11%	–
Bank Loans - Floating rates	From 5.90% to 7.50%	From 3.25% to 4.15%	From 7.05% to 8.42%	From 4.12% to 4.21%	–	–
Bond Liability - Floating rates	From 5.75% to 5.85%	From 3.10% to 3.20%	–	–	–	–
Bond Liability - Fixed rates	From 3.68% to 4.60%	From 3.68% to 4.60%	–	–	–	–

(k) Interest Rate Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's and the Company's profit for the year ended 31 December 2021 would have decreased as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	Rs	Rs	Rs	Rs
Decrease in Profit and equity	4,455,705	3,188,324	3,442,998	2,238,257

This is mainly attributable to the Group's and Company's exposure to interest rates on its variable rate borrowings.

(l) Liquidity Risk Management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity Tables

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

Group	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2022				
Non-interest Bearing	1,041,226,905	18,196,171	2,698,007	1,062,121,083
Lease Liability	46,787,713	108,227,420	346,899,771	501,914,904
Variable Interest Rate Instruments	493,939,385	297,180,069	687,720,137	1,478,839,591
Fixed Interest Rate Instruments	17,490,000	78,720,000	461,840,000	558,050,000
	1,599,444,003	502,323,660	1,499,157,915	3,600,925,578

	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2021				
Non-interest Bearing	993,917,055	49,328,779	2,698,007	1,045,943,841
Lease Liability	52,808,592	135,181,721	328,422,624	516,412,937
Variable Interest Rate Instruments	332,949,515	593,314,204	732,869,084	1,659,132,803
Fixed Interest Rate Instruments	17,490,000	87,470,000	470,580,000	575,540,000
	1,397,165,162	865,294,704	1,534,569,715	3,797,029,581

Company	Less than 1 year	1 - 5 years	5+ years	Total
	Rs	Rs	Rs	Rs
2022				
Non-interest Bearing	261,090,528	–	–	261,090,528
Lease Liability	4,698,444	14,095,332	–	18,793,776
Variable Interest Rate Instruments	114,439,335	959,327,975	6,750,000	1,080,517,310
Fixed Interest Rate Instruments	17,490,000	78,720,000	461,840,000	558,050,000
	397,718,307	1,052,143,307	468,590,000	1,918,451,614

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

29. FINANCIAL INSTRUMENTS continued

(l) Liquidity Risk Management continued

Company	Less than 1 year Rs	1 - 5 years Rs	5+ years Rs	Total Rs
2021				
Non-interest Bearing	210,769,520	–	–	210,769,520
Lease Liability	4,927,932	19,711,728	–	24,639,660
Variable Interest Rate Instruments	87,466,662	479,805,626	644,519,522	1,211,791,810
Fixed Interest Rate Instruments	17,490,000	87,470,000	470,580,000	575,540,000
	320,654,114	586,987,354	1,115,099,522	2,022,740,990

Non-interest bearing debts includes Trade and other payables and Amounts due to subsidiaries (Company only) and contract liabilities.

Variable Interest rate instruments refer to bank and other loans and Bond Liabilities inclusive of future interests.

Fixed Interest rate instruments refer to Bond Liabilities inclusive of future interests.

(i) Group	1 January 2022 Rs	Interest cost Rs	Cash (Outflows)/ Inflows Rs	Reclassi-fication Rs	Recognition of lease liabilities Rs	31 December 2022 Rs
Current interest bearing borrowings	262,042,787	4,167,358	(78,786,389)	–	–	187,423,756
Current lease liabilities	38,927,602	2,465,42	2,541,112	(14,219,507)	6,465,297	36,179,927
Non current interest bearing borrowings	1,478,592,985	23,514,584	(23,514,584)	–	–	1,478,592,985
Non current lease liabilities	199,997,573	12,666,553	(35,681,793)	14,219,507	33,216,629	224,418,469
	1,979,560,947	42,813,918	(135,441,654)	–	39,681,926	1,926,615,137

	1 January 2021 Rs	Interest cost Rs	Cash (Outflows)/ Inflows Rs	Reclassi-fication Rs	Recognition of lease liabilities Rs	31 December 2021 Rs
Current interest bearing borrowings	161,574,069	6,474,742	(28,332,760)	122,326,736	–	262,042,787
Current lease liabilities	35,443,570	2,345,058	(31,537,121)	27,278,770	5,397,325	38,927,602
Non current interest bearing borrowings	608,279,721	24,375,532	968,264,468	(122,326,736)	–	1,478,592,985
Non current lease liabilities	206,326,386	13,651,201	(24,120,499)	(27,278,770)	31,419,255	199,997,573
	1,011,623,746	46,846,533	884,274,088	–	36,816,580	1,979,560,947

(ii) Company	1 January 2022 Rs	Interest cost Rs	Cash (Outflows)/ Inflows Rs	Recognition of lease liabilities Rs	Reclassi-fication Rs	31 December 2022 Rs
Current interest bearing borrowings	37,472,901	40,935,694	(42,270,362)	–	46,986,836	83,125,069
Current lease liabilities	3,785,383	193,311	(833,769)	(176,281)	856,393	3,825,037
Non current interest bearing borrowings	1,294,896,175	10,273,772	(22,995,335)	–	(46,986,836)	1,235,187,776
Non current lease liabilities	17,545,957	896,031	(3,864,675)	(817,095)	(856,393)	12,903,825
	1,353,700,416	52,298,808	(69,964,141)	(993,376)	–	1,335,041,707

	1 January 2021 Rs	Interest cost Rs	Cash (Outflows)/ Inflows Rs	Recognition of lease liabilities Rs	Reclassi-fication Rs	31 December 2021 Rs
Current interest bearing borrowings	70,352,211	1,993,343	(72,345,554)	–	37,472,901	37,472,901
Current lease liabilities	3,536,580	194,518	(3,766,205)	35,107	3,785,383	3,785,383
Non current interest bearing borrowings	387,884,465	31,740,266	912,744,345	–	(37,472,901)	1,294,896,175
Non current lease liabilities	21,121,668	1,161,727	(1,161,727)	209,672	(3,785,383)	17,545,957
	482,894,924	35,089,854	835,470,859	244,779	–	1,353,700,416

30. OPERATING LEASES

The Group as Lessor

Leasing Arrangements

The Group leases office space with lease term of three years, with an option to extend for a further period of three years. The operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

During the year the rental income earned by the Group and Company under operating leases amounted to Rs 5,584,591 (2021: Rs 18,765,094) and Rs 2,160,000 (2021: Rs 2,166,000) respectively. Direct operating expenses incurred by the Group for the year amount to Rs 5,568,528 (2021: Rs 4,103,590).

Non-cancellable Operating Lease Receivables

	GROUP		COMPANY	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Less than one year	23,964,992	1,424,000	1,200,000	2,160,000
Between one and two years	57,040,714	–	1,200,000	2,400,000
	81,005,706	1,424,000	2,400,000	4,560,000

31. NON-CURRENT RECEIVABLES

	GROUP		COMPANY	
	2022 Rs	2021 Rs	2022 Rs	2021 Rs
Prepayment for lease of land	5,768,106	6,249,017	–	–
Other receivables	1,622,990	1,709,161	490,114	490,114
	7,391,096	7,958,178	490,114	490,114

Advance payments were made in respect of lease of land. The advance payments are expensed in Statement of Profit or Loss and Other Comprehensive income as follows:

	GROUP	
	2022 Rs	2021 Rs
After one year but before five years	1,923,644	1,923,640
More than five years	3,844,462	4,325,377
	5,768,106	6,249,017

Other receivables for the Group mainly relates to long-term deposits.

32. ASSETS CLASSIFIED AS HELD FOR SALE

	GROUP	
	2022 Rs	2021 Rs
At 1 January	167,400,000	10,506,577
Transfer to Trade and other Receivables	–	(10,506,577)
Transfer from Investment Property (Note 9)	–	167,400,000
Disposal during the year	(167,400,000)	–
At 31 December	–	167,400,000

The amount of Rs 167,400,000 at 1 January 2022 represented recoverable amounts less costs to sell of investment properties which were disposed in February 2022.

33. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the Group financial statements relate to expatriate guarantees of Rs 3.4M (2021: Rs 2.5M), performance bond of Rs 450M (2021: Rs 207M), tender bond of Rs 12M (2021: Rs 10M), advance payment guarantees of Rs 165M (2021: Rs 94M) and other guarantees of Rs18M (2021: Rs20M) to third parties.

Contingent liabilities not provided for in the Company financial statements relate to expatriates guarantees of Rs 0.1M (2021: Rs 0.1M).

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

It is not anticipated that any material liabilities will arise from them and is deemed unpractical to disclose the cases individually.

34. CHANGE IN OWNERSHIP WITHOUT LOSS OF CONTROL

Year 2022

During the year ended 31 December 2022, Boron Investments Ltd acquired 100,000 shares at a consideration of Rs100,000 in Osterley Investments Ltd making the indirect shareholding in the latter 100% compared to 99% in 2021.

Year 2021

During the year the Company sold its directly and wholly owned subsidiary, Kolos International Ltd, to Kolos Cement Ltd for a consideration of Rs 3,946,109. The effective interests held by the Group initially decreased to 74%, being the effective holding in Kolos Cement Ltd. Additional shares were issued to Non Controlling Interests of Kolos International Ltd, resulting in a decrease in the effective shareholding of the Group to 62.9%.

Kolos International Ltd	**2021** Rs
Analysis of Assets and Liabilities over which Control was lost:	
Current Assets	
Receivables	77,716
Cash and Cash Equivalents	3,728,491
Current Liabilities	
Payables	(208,549)
Net Assets	3,597,658
Share of Net Assets disposed of (37.1%)	1,334,731
Movement in Equity as follows:	
Transfer from Earnings and Reserves attributable to owners:	(623,611)
Foreign Currency Translation Reserves	(711,120)
Retained Earnings	
Transfer to Non Controlling Interests	1,334,731
Consideration received on issuing additional shares to Non Controlling Interests	3,056,250

35. WAR IN UKRAINE

The impacts of the war in Ukraine and related events are expected to continue to affect the global economy. The impact does not affect the Group's financial position as at 31 December 2022 and the financial performance for the year ended 31 December 2022.

Multiple jurisdictions have imposed various economic sanctions whilst a growing number of companies have announced voluntary actions to curtail certain business activities. Though the true impact of the war is unclear, businesses worldwide can feel its financial effects such as rising inflation and disruption of supply chain. These events have triggered volatility and fluctuations in interest rates, commodity prices and currency exchange rates. The extent to which the Group may be affected depends largely on the nature and duration of uncertain and unpredictable events and reactions to ongoing developments by the global financial markets. Developments with regards to the war and its likely impacts are being closely monitored by the Board.

36. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Gamma

dare to dream

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