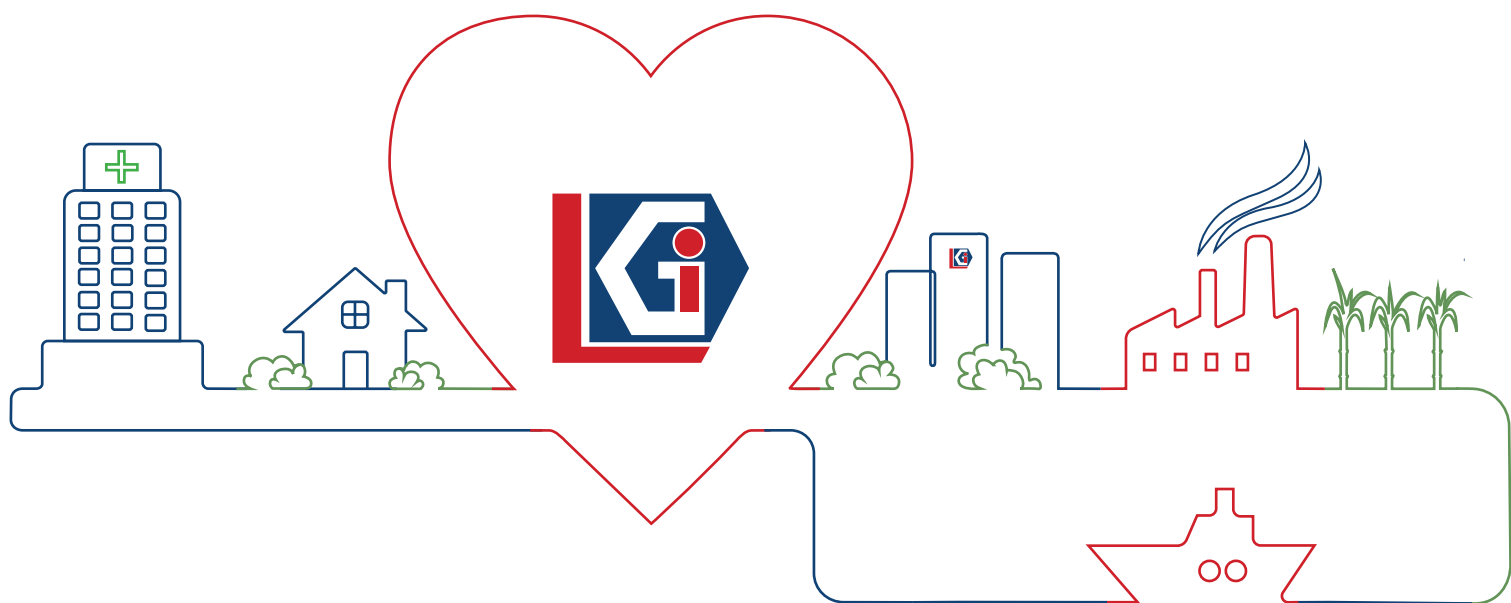
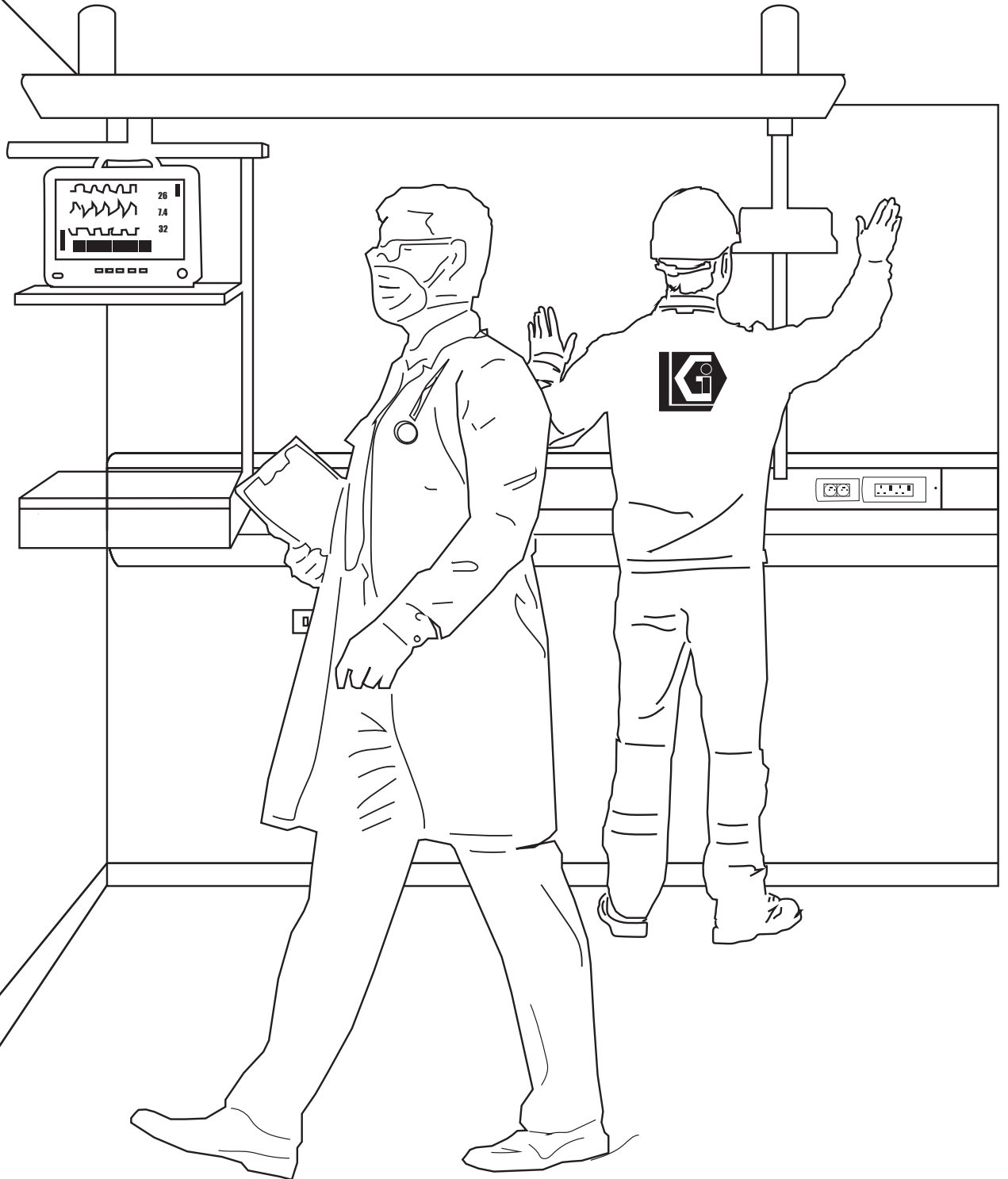


LES GAZ INDUSTRIELS LIMITED
Annual Report 2020



You Are The Covid-19 Heroes, Let Us Provide The Super Power



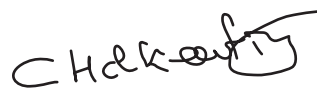
Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Les Gaz Industriels Limited and its subsidiary for the year ended June 30, 2020, the contents of which are listed below.

This report was approved by the Board of Directors on October 07, 2020.



Antoine L. Harel
Chairman

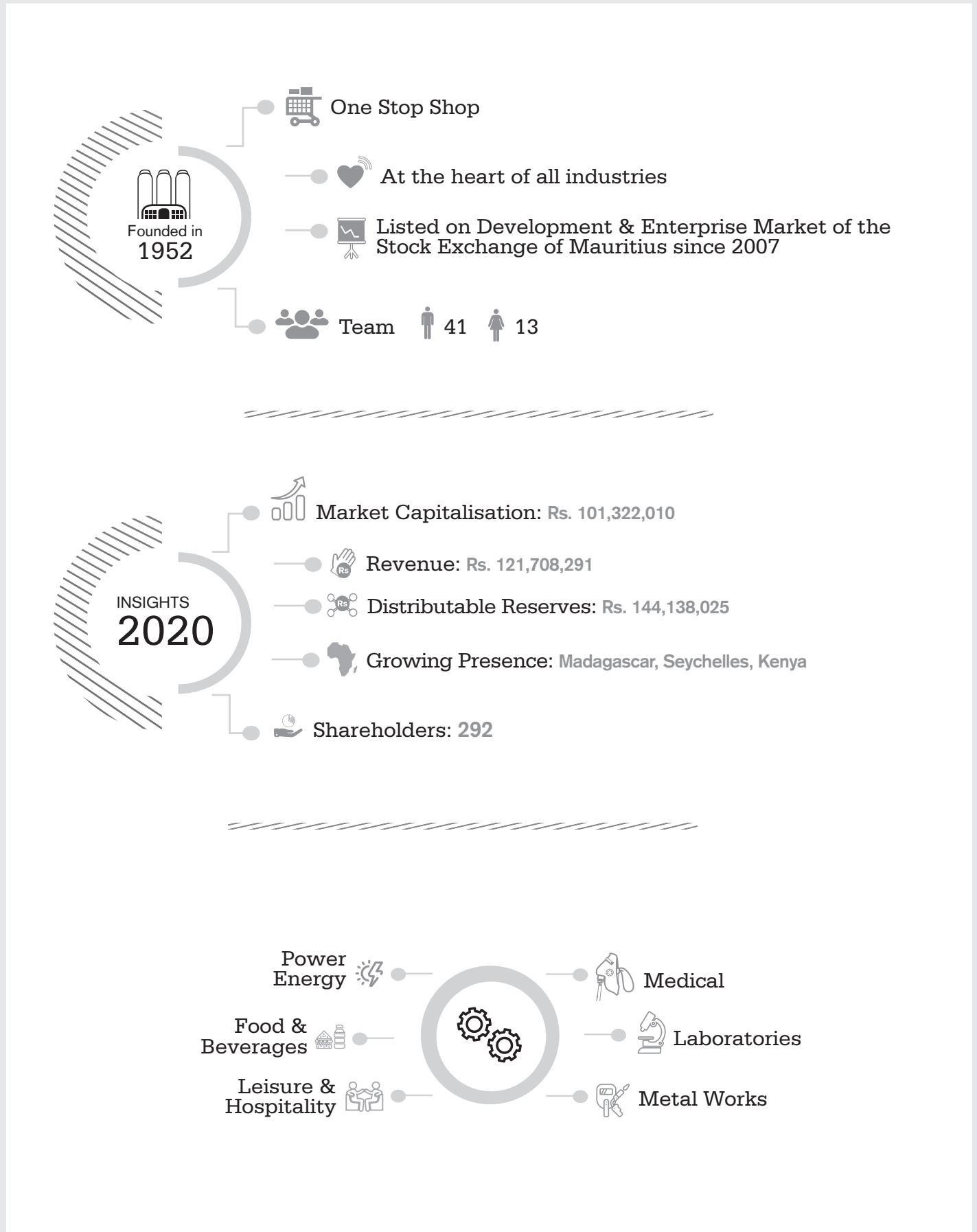


Christopher Hart de Keating
Chief Executive Office

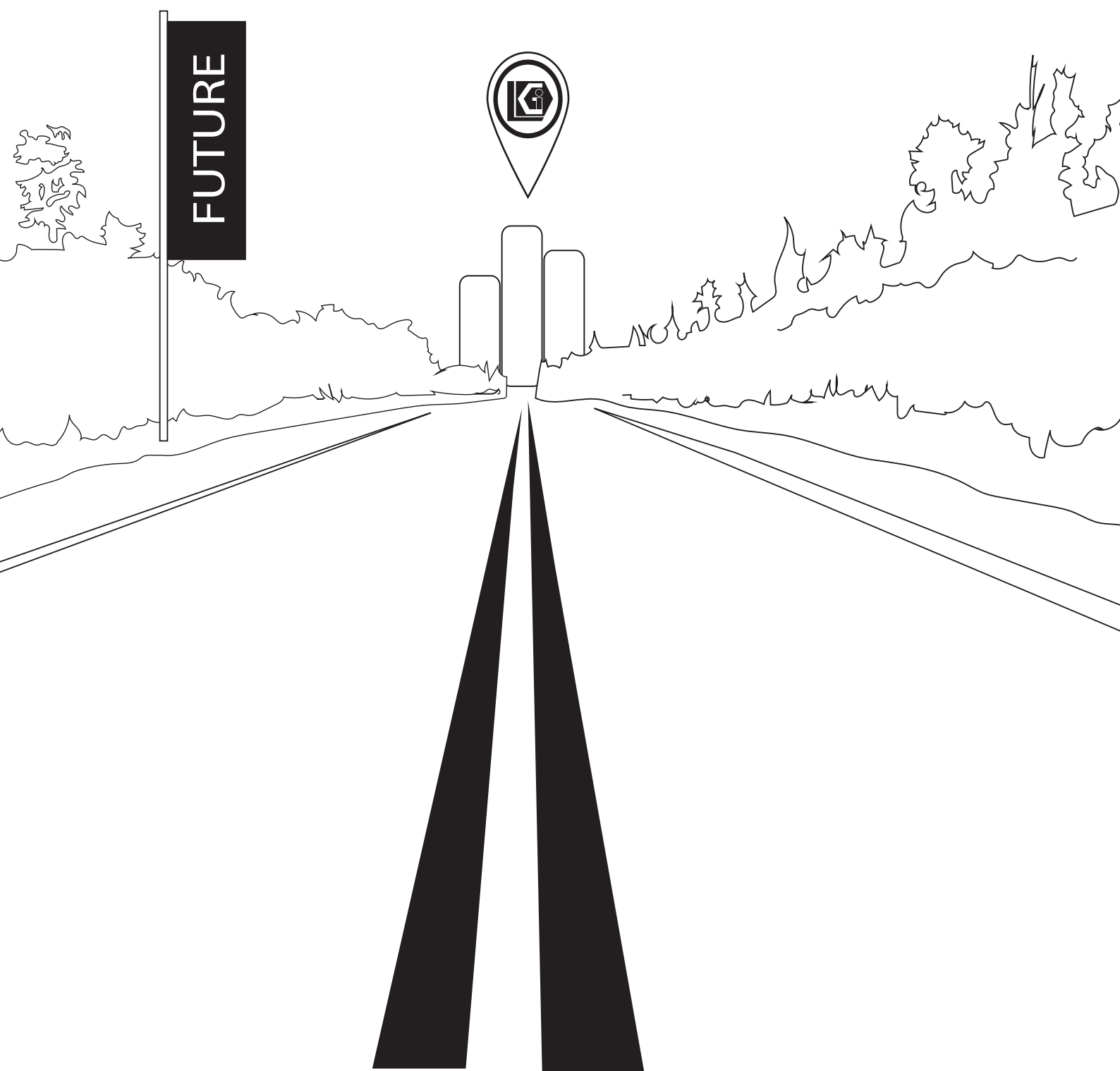
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LGI At First Sight

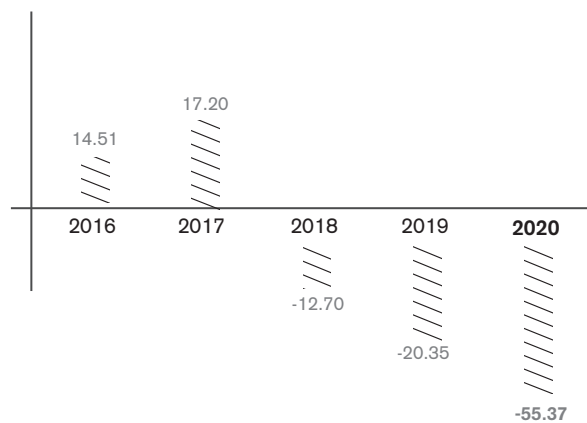


Continuously Shaping Our Future

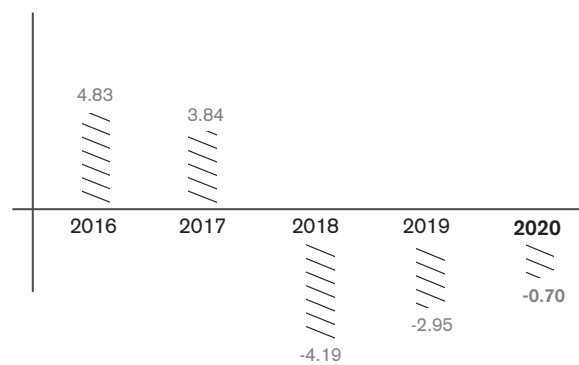


Financial Highlights

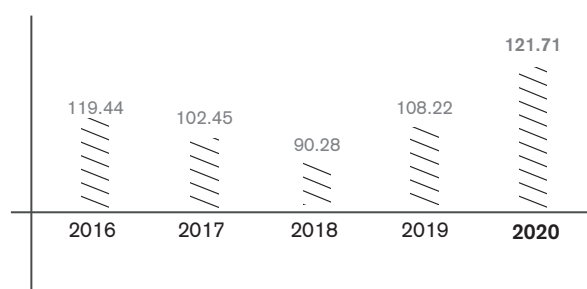
Price Earning Ratio Number of times



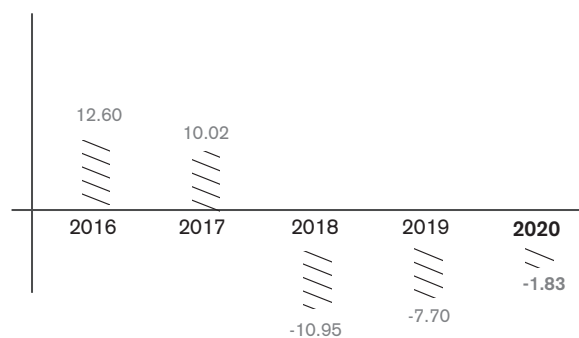
Earnings per Share Rs.



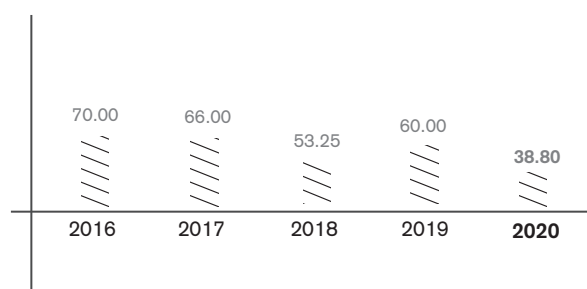
Revenue Rs. (Million)



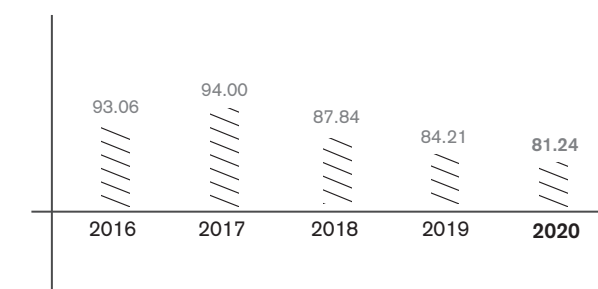
Profit after Taxatio Rs. (Million)



Market Price per Share Rs.



Net Assets per Share Rs.



Corporate Information

HEAD OFFICE

Pailles Road
G.R.N.W.
P.O.Box 673
Bell Village

Tel: (230) 212 8306
(230) 212 8311
(230) 212 1474
Fax: (230) 212 0235
Hotline: (230) 800 1133
Email: contactus@gaz-industriels.com
Website: www.gaz-industriels.com

REGISTERED OFFICE

18, Edith Cavell Street
Port-Louis
Republic of Mauritius
Tel: (230) 207 3000

SUBSIDIARY

Gaz Industriels Madagascar SA
Lot 4 - Bloc 1, Zone Industrielle Forello
Tanjombato, Antananarivo 101
Madagascar
Tel: (261) 20 22 576 00
Fax: (261) 20 22 576 00
Email: contacternous@gazindmada.com

REGISTRY & TRANSFER OFFICE

Harel Mallac Corporate Services Ltd
18, Edith Cavell Street
Port-Louis
Republic of Mauritius
Tel: (230) 207 3000

SECRETARY

HM Secretaries Ltd
18, Edith Cavell Street
Port-Louis
Republic of Mauritius
Tel: (230) 207 3000

BUSINESS REGISTRATION NUMBER

C07000817

EXTERNAL AUDITORS

Baker Tilly
Chartered Accountants
1st Floor
Cyber Tower 1
Ebene 72201
Republic of Mauritius
Tel: (230) 460 8800
Fax: (230) 460 8819

INTERNAL AUDITORS

PricewaterhouseCoopers Ltd
PwC Centre
Avenue de Telfair, Telfair 80829
Moka
Republic of Mauritius
Tel: (230) 404 5000
Fax: (230) 404 5088

ENGINEERING AUDIT

African Oxygen Limited (AFROX)
Afrox House
23 Webber Street, Selby
Johannesburg,
Republic of South Africa
Tel: (+27) 011 490 0400

BANKERS

The Mauritius Commercial Bank Limited
Sir William Newton Street
Port-Louis
Republic of Mauritius
Tel: (230) 202 5000
Fax: (230) 212 2233

BCP Bank (Mauritius) Limited
Maeva Tower Ltd
9ème Etage
Cnr Silicon Avenue & Bank Street
Cybercity 72201
Tel: (230) 207 8600
Fax: (230) 212 4983

Statutory Disclosures

Year Ended June 30, 2020

DIRECTORS

Directors of the Company and of its subsidiary company at the end of the accounting period are as follows:

Les Gaz Industriels Limited

Messrs./Ms. Antoine L. Harel (Chairman)
Laurent Bourgault du Coudray
Christopher Hart de Keating
Marius Johannes Kruger
Catherine McIlraith
Sivavalan Moodley
Michel Guy Rivalland (Alternate to Laurent Bourgault du Coudray)

Gaz Industriels Madagascar SA

Messrs. Antoine L. Harel (Chairman)
Christopher Hart de Keating
Marius Johannes Kruger
Raphaël Jakoba

DIRECTORS' SERVICE CONTRACTS

Mr. Christopher Hart De Keating has a service contract with the Company without expiry date.

None of the other directors has unexpired service contracts with the Company.

DIRECTORS' REMUNERATION

Remuneration and benefits received or due and receivable from the Company and its subsidiary company were as follows:

	From the Company		From Subsidiary	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Executive Directors				
- Full time	4,016,073	3,338,014	-	-
- Part time	-	-	-	-
Non-executive Directors	1,514,078	1,552,900	-	-
	<u>5,530,151</u>	<u>4,890,914</u>	<u>-</u>	<u>-</u>

The directors of the subsidiary company did not receive any remuneration and benefits from the subsidiary during the year ended June 30, 2020 (2019: Nil).

The directors do not have any contract of significance with the Company.

Statutory Disclosures

Year Ended June 30, 2020

DONATIONS

Donations

The Group		The Company	
2020	2019	2020	2019
Rs.	Rs.	Rs.	Rs.
70,000	50,000	70,000	50,000

AUDITORS FEES

Audit fees paid to:

Baker Tilly

BDO & Co

Etika

The Group		The Company	
2020	2019	2020	2019
475,000	-	475,000	-
-	365,000	-	365,000
86,247	57,200	-	-
561,247	422,200	475,000	365,000

Fees paid for other services to:

Baker Tilly

BDO & Co

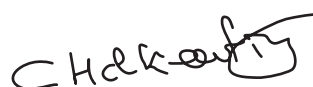
PricewaterhouseCoopers Ltd

65,000	-	65,000	-
-	95,000	-	95,000
375,000	375,000	375,000	375,000
440,000	470,000	440,000	470,000

Approved by the Board of Directors on September 29, 2020 and signed on its behalf by:



Antoine L. Harel
Chairman



Christopher Hart de Keating
Chief Executive Office

Board of Director's Report

Year Ended June 30, 2020

Dear Shareholders,

The Board of Directors of Les Gaz Industriels Limited ("LGI") is pleased to submit its report for the year ended June 30, 2020.

Business review

Since the last few years, the Group is operating in a completely changed environment relating to its traditional market. The latter has shrunk in monetary terms, mainly because of new entrants offering low-end products at relatively low prices.

During the year under review, we have continued the roll out of our diversification strategy shared with you over the last few years. Our endeavours are proving to be fruitful as the Group's revenue increased for a second consecutive year to reach Rs. 126.6m representing a 15% growth over the previous year.

On a general note, our local market was severely affected during the last quarter of 2020 due to the Covid-19 pandemic and the related lockdown. This negatively impacted our gross profit, reducing it to Rs. 46.9m for the year with a flow-on impact on our gross profit margin which registered a 8% contraction compared to 2019.

The positive contribution of export sales combined with the constant stringent cost control measures helped the Group to close the financial year 2020 with a loss before tax of Rs. 1.99m against a corresponding loss of Rs. 0.67m in 2019.

Net assets at June 30, 2020 stood at Rs. 209.8m.

Group's worth

At June 30, 2020, distributable reserves amounted to Rs. 142.1m and the Group's Net Asset Value per share was Rs. 80.35, which is 107.1% higher than the share price of Rs. 38.80 at June 30, 2020.

Despite the severe difficulties of the last quarter of 2020, the Group's cash flow improved compared to the previous year, with no increase in debts.

LGI remains therefore in good financial health, with solid reserves built over many years. In the face of the current uncertainties which are likely to last, the challenge of the Group will be to remain ambitious while at the same time being prudent in our approach. This will enable us to ride the upcoming economic storm, which will take the whole world into uncharted territory. Our reserves will help us during these unpredictable times.

Corporate Governance

LGI remains committed to the highest principles of corporate governance. A Board Charter for the Company has been adopted since last year in line with the recommendations of the Code of Corporate Governance for Mauritius. The Group also adheres to good governance in all the markets in which we operate.

Contribution to Society

Over the years, the Group has not only helped small and medium businesses grow, but has, through its products and services, namely in homecare, amongst others, supported individuals. We shall continue supporting them, and our other customers, in the challenging economic times that lie ahead.

Adherence to our strict Safety, Health, Environment & Quality ("SHEQ") in our daily operations remains as strong as ever for the better of our people, our customers and society at large. We continue to share our SHEQ knowledge with our customers in order to enable them to grow their businesses in a safe environment.

The Drivers

Driving forward successfully will not be possible without the LGI team in Mauritius and in Madagascar. Both the Board and Management highly value the dedicated personnel of LGI. Best employment practices for staff are in place which the Group commits to maintain. The Group will also maintain its significant investment in training

Our success is inextricably linked with that of our customers. With our vast experience in our field, we are readily available to provide advice and propose value-for-money solutions to our customers tailor-made to their needs.

Looking Ahead

The Group is proactively evolving and adapting to the new economic era and the resulting prevailing market conditions. We will continue, and even accelerate, our growth strategy through product and market diversification whilst continuously improving our cost base.

LGI is embracing the future with flexibility while being, at the same time, positive and prudent. The Board is confident Management will strike the right balance and it is therefore confident in the future of the Group

Acknowledgment

The Board wishes to express its appreciation and gratitude to all the Group's stakeholders, including its customers, suppliers and partners, for their continuous support and confidence in the Group

Last but not least, our gratitude goes to the Chief Executive Officer and his team for their dedication and commitment to the Group's purpose. A special heartfelt thanks to them for their commendable sense of duty and responsibility during the Covid-19 lockdown when the whole team worked together in unprecedented challenging conditions to ensure that healthcare providers from both the public and private sectors had the supplies they required, in terms of medical oxygen, medical air and installations, to continue providing medical care to their patients. Teamwork has been and will be, in the coming years, the key to our success.

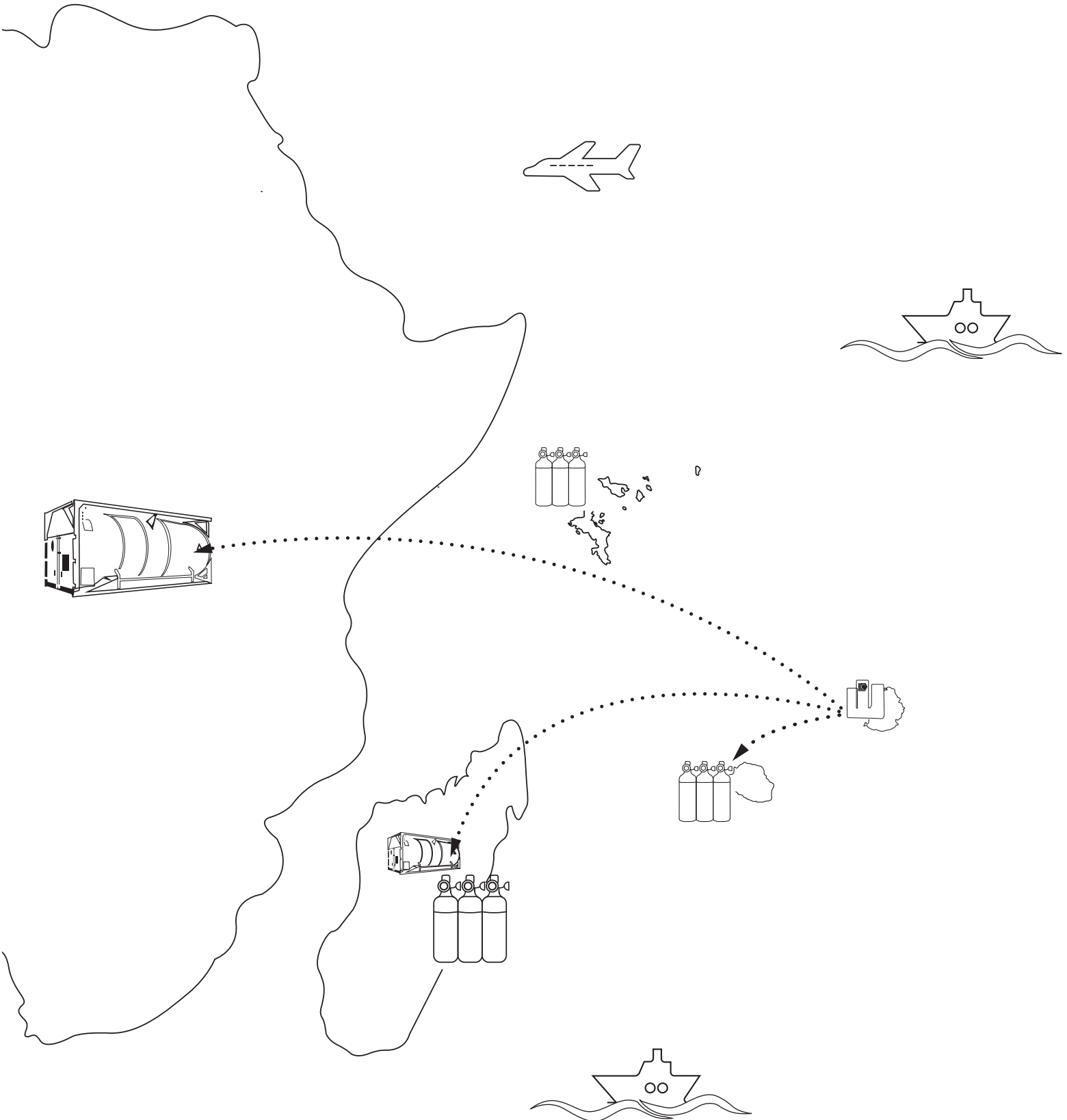
On behalf of the Board,



Antoine L. Harel
Chairman

October 07, 2020

Broadening Our Horizons



Corporate Governance Report

Year Ended June 30, 2020

INTRODUCTION

Les Gaz Industriels Limited is committed to the highest standard of business integrity, transparency and professionalism to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all its stakeholders.

The new National Code of Corporate Governance for Mauritius (“the Code”) adopted in 2016 employs an ‘apply and explain approach’. In this report, the Board endeavours to explain how the Company has applied the Code.

GOVERNANCE STRUCTURE

The Company is a Public Interest Entity (“PIE”) as defined under the Financial Reporting Act 2004

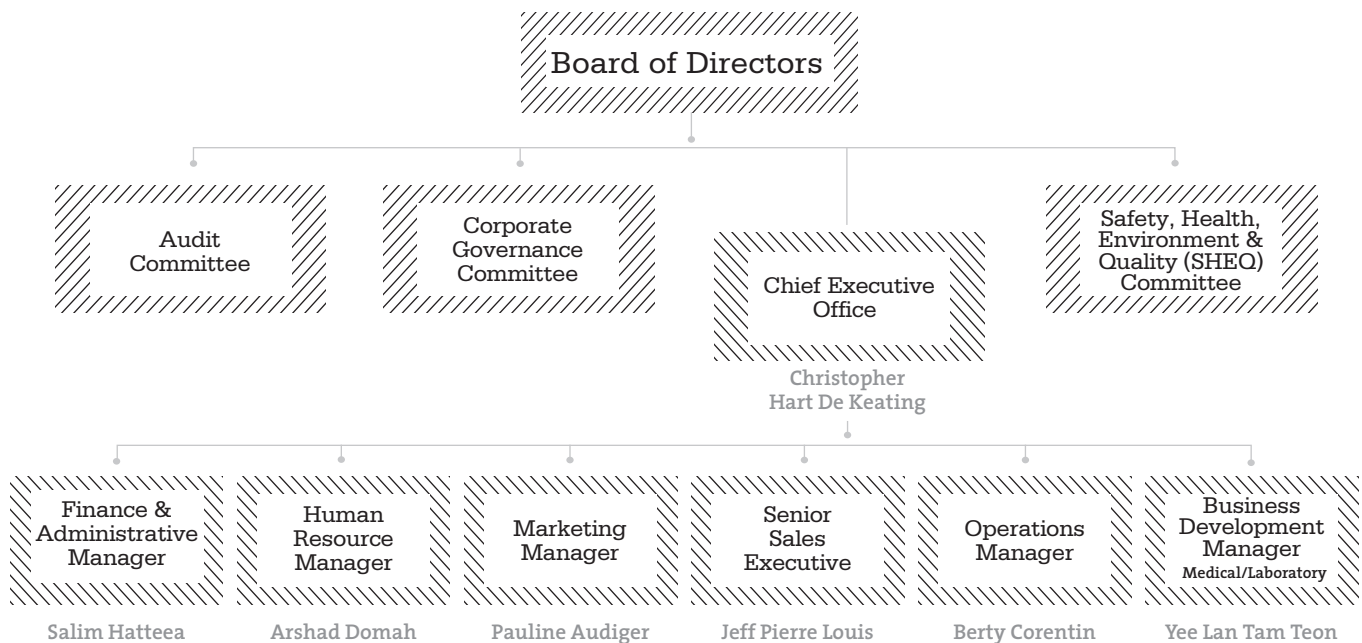
The Company is headed by an effective Board which meets regularly to fulfil its duties and responsibilities as defined in the Company’s Memorandum and Articles of Association (“M&A”) and in the Companies Act 2001 (“the Act”).

The process for the appointment and removal of the directors as well as the latter’s duties and responsibilities are clearly defined in the Company’s M&A and in the Act. The Company’s M&A also provides appropriate framework as to the Board’s composition, directors’ remuneration and procedures for board meetings. The Board has also adopted a Board Charter which sets forth the roles, responsibilities and composition of the Board. The provisions in the Board Charter are complementary to the requirements regarding the Board and Board members contained in Mauritian legislation and regulations and the Company’s M&A. The Board Charter is published on the Company’s website.

The Board has set up three board committees namely the Audit Committee, the Corporate Governance Committee and the SHEQ Committee (Safety, Health, Environment and Quality Committee).

The Board of Directors oversees the general operations of the Company, including risk management. It also ensures compliance of all legal and regulatory requirements.

The Board has adopted a delegation of authority matrix to ensure that there is transparency, control and coherence in the functioning of organisation.



Job description

The job descriptions of the Senior Management members and senior officers of the Company have been reviewed and agreed by the Board.

Corporate Governance Report

Year Ended June 30, 2020

GOVERNANCE STRUCTURE (CONT'D)

Code of Ethics

The Company highly values ethics and the Code of Ethics adopted by the Board is at the core of the Company's culture. LGI aims to earn the trust of customers, shareholders, colleagues, suppliers and communities through honesty, performance excellence, good corporate governance and accountability. LGI expects people to respect confidential information, company time and assets. Moreover, the Company believes in open and honest communication, fair treatment and equal opportunities, and supports the fundamental principles of human rights. The effectiveness and efficiency of the Company's Code of Ethics are reviewed regularly by the Board of Directors to ensure the same is applied at all levels. The Code of Ethics is available on our website.

Statement of Accountabilities

The Board of Directors sets the general strategies and policies of the Company, which are then implemented by senior officers with the support of their respective teams. These senior officers are experienced professionals in their fields. The Board also relies on the three specialised committees it has set up, namely the Audit Committee, the Corporate Governance Committee and the Safety, Health, Environment & Quality Committee.

THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board

Les Gaz Industriels Limited has a unitary Board of Directors. The role of the Chairman and that of the CEO are separate. While the Chairman leads the Board and sees to it that the Board acts efficiently, the CEO manages and leads the business.

The Board is responsible for setting the Company's direction through the establishment of strategic objectives and key policies. The Board has the responsibility of discussing and reviewing planning issues, operation and financial performances, acquisitions and disposals, capital expenditure, risk issues, stakeholders' communications and other matters falling within its ambit. It further ensures that proper systems of management and internal controls are in place.

The Directors are entitled to seek independent professional advice at the Company's expense.

Balance

The Board of Directors at June 30, 2020, comprised of one executive member and five non-executive members, of whom two are independent. Board members are of both genders. The Board does not consider it necessary to have more than one executive member in view of the size of LGI and that of the Board. This structure ensures an appropriate and efficient balance of knowledge of the business and independence and objectivity for the effective execution of the Board's responsibilities.

Director's independence review

The Board is of the view that a director's independence is not dependent of his term of office. The Board believes that a director's independence is measured by the latter's ability to think, analyse and decide independently and the person's capacity to stand up to contrary views and opposing arguments. The Board has therefore taken the stand that it will ascertain a director's independence on these criteria rather than by the number of years spent on the Board.

Board meetings and attendance

Board meetings are set well in advance to maximise Directors' attendance. The meetings are prepared by the Chairman, the CEO and the Company Secretary. Board papers are circularised to the Directors generally at least three days before the meetings.



Corporate Governance Report

Year Ended June 30, 2020



THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Board meetings and attendance (cont'd)

During the year under review, the Board of Directors met on four occasions.

Attendance of the Directors to the Board meetings is set out below.

Directors	Board Attendance
Antoine L. Harel	4/4
Catherine McIlraith	4/4
Laurent Bourgault de Coudray	4/4
Christopher Hart De Keating	4/4
Marius Kruger	4/4
Sivavalan Moodley	4/4

Company Secretary

All the Directors have access to the advice and services of HM Secretaries Ltd., the Company Secretary, who is in turn responsible to the Board for ensuring the proper administration of Board proceedings. The Company Secretary provides guidance to Directors on matters of corporate governance and with regard to their responsibilities as Directors with regard to the statutory environment in which the Company operates.

Board Committees

In order to help it carry out its duties and responsibilities, the Board has set up three committees. The Chairpersons of these committees regularly report to the Board on all matters discussed during the committee meetings and the Board proceeds with appropriate decision making.

Audit Committee

The Audit Committee comprises of three members, namely Mrs Catherine McIlraith, Messrs Laurent Bourgault du Coudray and Marius Kruger. The Committee is chaired by Mrs Catherine McIlraith and has met five times during the year under review. The Chief Executive Office, the Finance and Administrative Manager, as well as the internal and external auditors, attend the Committee's meetings. The Company Secretary acts as secretary to the Committee.

The Committee fulfilled its responsibilities for the year under review, in compliance with its formal terms of reference that were approved by the Board of Directors.

Audit Committee

In discharging its responsibilities, the Audit Committee reviews:

- the quality of financial information and other public and regulatory reporting
- the Company's internal control systems and procedures for identifying business risks;
- the Company's control system for identifying and mitigating risks;
- the Company's policies for preventing or detecting fraud;
- the Company's risk register;
- the Company's policies for ensuring that the Company complies with the relevant regulatory and legal requirements;
- any other duties detailed in the Committee's Terms of Reference approved by the Board of Directors and submits its recommendations to the Board for appropriate decision making.

The Audit Committee is entitled to seek external professional support, if required, at the Company's expense.

Corporate Governance Report

Year Ended June 30, 2020

THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONT'D)

Corporate Governance Committee

The Corporate Governance Committee presently comprises three members, namely Mr Antoine L. Harel (Chairman), Mrs Catherine McIlraith and Mr Marius Kruger.

The Committee met four times during the financial year under review. The Chief Executive Officer attends the Committee's meetings whenever required. The Company Secretary acts as secretary to the Committee.

The Committee fulfilled its responsibilities for the year under review, in compliance with its formal terms of reference that were approved by the Board of Directors.

The Committee's terms of reference include key areas that are the remit of a nomination and remuneration committee. The Committee also develops the Company's general policy on corporate governance in accordance with the Code.

The Corporate Governance Committee is authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order for it to perform its duties.

Safety, Health, Environment & Quality (SHEQ) Committee

Les Gaz Industriels Limited's (LGI) commitment to sustainable development as a strategic priority encompasses its commitment towards SHEQ. A SHEQ Committee was set up on September 27, 2013 to assist the Board in overseeing the effectiveness of SHEQ management systems within LGI and its subsidiary and to make recommendations to the Board on SHEQ issues.

The SHEQ Committee presently consists of two members namely Messrs Sivavalan Moodley (Chairman) and Christopher Hart de Keating. The Committee met four times during the year under review. The SHEQ Executive, the Operations Manager and the Technical and Development Executives attend the Committee's meetings

Committee Attendance

Directors	Corporate Governance	Audit Committee	SHEQ Committee
Antoine L. Harel	4/4	-	-
Catherine McIlraith	4/4	5/5	-
Laurent Bourgault du Coudray	-	5/5	-
Christopher Hart De Keating	-	-	4/4
Marius Kruger	4/4	5/5	-
Sivavalan Moodley	-	-	4/4

DIRECTORS' APPOINTMENT PROCEDURES

The appointment of Directors is governed by the Company's M&A and the Act. Directors are appointed by the Company's shareholders with the exception of Nominated Directors who shall be two in numbers when the Board comprises of six directors and three when the Board consists of nine members. The Board may, as per the M&A, appoint a director to fill in a casual vacancy.

Board Induction

Newly appointed Directors follow an induction programme to allow them to familiarise themselves with the Company and the Group. The Company Secretary supports the Chairman in this task.

Professional Development

Directors' trainings are organised whenever the need arises to update the board on the latest trends that can affect the governance, the management and the performance of the Company.

Succession Plan

Succession plan at Board and Management levels is regularly discussed at the Board.

Corporate Governance Report

Year Ended June 30, 2020

DIRECTORS' APPOINTMENT PROCEDURES (CONT'D)

Directors' Profiles and details of external appointments on listed entities and public entities

Antoine L. Harel (63) AH

Independent Non-Executive Chairman - External - Resident of Mauritius

Antoine L. Harel is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He holds a BA (Hons) degree in Accounting and Computing. He joined Harel Mallac & Co. Ltd in 1987 and launched the Company's Information Technology Division and held the positions of CEO of Harel Mallac & Co. Ltd. from 1998 to 2005. He is since then the Chairman of Harel Mallac & Co Ltd. He was President of the Mauritius Chamber of Commerce & Industry from 1992 to 1993. He chairs the boards of a number of listed and non-listed companies. Antoine L. Harel was first appointed to the Board of LGI in 2003

External appointments – listed entities:

Harel Mallac & Co. Ltd
The Mauritius Chemical and Fertilizer Industry Limited

Skills, expertise and experience:

Accounting and Finance, Information Technology, Strategy and Corporate Governance.

Catherine McIlraith (56) CM

Independent Non-Executive Director - External - Resident of Mauritius

Catherine McIlraith holds a Bachelor of Accountancy degree from the University of the Witwatersrand, South Africa and has been a member of the South African Institute of Chartered Accountants since 1992. After serving her Articles at Ernst & Young in Johannesburg, she held various senior positions in the Investment Banking industry in South Africa before returning to Mauritius in 2004 to join Investec Bank as Head of Banking until 2010. Catherine McIlraith is a past Chairman and Fellow Member of the Mauritius Institute of Directors ("MloD"). She is an Independent Non-Executive Director of a number of public and private companies in Mauritius, South Africa and UK. Catherine McIlraith was first appointed to the Board of LGI in 2012.

External appointments – listed entities:

CIEL Limited
Astoria Investments Limited
MUA Limited
Grit Real Estate Income Group Limited
Paradise Property Investments Ltd
Barak Fund SPC Limited

Skills, expertise and experience:

Audit and risk, Accounting, Corporate Governance, Banking and Corporate Finance

Christopher Hart de Keating (49) CHdK

Executive Director - Internal - Resident of Mauritius

Christopher Hart de Keating is the Chief Executive Officer of LGI since July 2015. He holds a 'Maîtrise Audit et Contrôle de Gestion' from the Université of Paris Dauphine and a diploma in

Strategy from HEC Paris. This accomplished leader has a track record of more than 10 years in senior management positions. Before joining LGI, he had a fruitful career in renowned companies of different sectors. Christopher Hart de Keating has been involved in the activity of the cluster Textile Madagascar (as Chairperson in 2009) and is a past President of the Association of Mauritian Manufacturers. Christopher Hart de Keating was first appointed to the Board of LGI in 2015

External appointments – listed entities:

None

Skills, expertise and experience:

Leadership, Strategy, Management and Economics

Marius Kruger (50) MK

Non-Executive Director - External - Non-Resident of Mauritius

Marius Kruger has been working in the industrial gases business for the past 22 years in South Africa. Marius Kruger is based at African Oxygen Limited where he is the Senior Director for all the Linde Operations in Sub-Saharan Africa outside of South Africa. Marius Kruger holds a post graduate degree in Finance and is an associate member of the Chartered Institute of Management Accountants in the United Kingdom. Marius Kruger was first appointed to the Board of LGI in 2015.

External appointments – listed entities:

None

Skills, expertise and experience:

General management, financial audits and advisory services, business planning, financial and management reporting, strategy formulation, implementation and reviews.

Laurent Bourgault du Coudray (34) LBdC

Non-Executive Director - External - Resident of Mauritius

Laurent Bourgault du Coudray graduated in accounting and finance from Curtin University in Perth, Australia and is a member of the Institute of Chartered Accountants in Australia. He has worked over four years in Perth providing corporate and international tax services before joining United Investments Limited (UIL) in January 2013 where he acted as Project Manager and Business Developer. With a focus on the hospitality sector, Laurent joined in April 2019 one of UIL's investees, namely Attitude Hospitality Management Ltd, as the Chief Business Development Office .

External appointments – listed entities:

Novus Properties Ltd

Skills, expertise and experience:

Management and Leadership

Corporate Governance Report

Year Ended June 30, 2020

Sivavalan Moodley (57) SM

Non-Executive Director - External - Non-Resident of Mauritius

Sivavalan Moodley holds a Diploma in both Safety and Production Management and is a member of the South African National Accreditation audit team for Gas Test Stations. He is a professional with over 30 years expertise in the operation field of the gas industry. He is based in South Africa where he is working as Operations Manager at Afrox Ltd. Sivavalan Moodley is a member of the Afrox EMOC committee & Engineering audit team, and of the N2O global ToE team. He is DRI for Acetylene Directives for the African region.

External appointments – listed entities:

None

Skills, expertise and experience:

Safety risk management, operational experience in gas and gas-related fields and internal logistic

Michel Guy Rivalland (41)

Alternate Director to Laurent Bourgault du Coudray – External – Resident of Mauritius

Michel Guy Rivalland is a graduate in Economics. He started his career at ACMS, as Asset Manager. He was appointed as Director in 2002 and was subsequently appointed CEO of AXYS group in 2006. In July 2010, he was appointed CEO of United Investments Ltd, an investment holding company quoted on the DEM market.

External appointments – listed entities:

United Investments Ltd

Skills, expertise and experience:

Management and Leadership



Corporate Governance Report

Year Ended June 30, 2020

Senior Management Team

Each member of the Senior Management Team has a job description that defines clearly the position's duties, responsibilities and accountabilities.

The Senior Management Team supports the CEO in implementing the strategy and direction set out by the Board and in managing the day-to-day operations of the Company. The job descriptions of Senior Management members and senior officers of the Company have been reviewed and agreed by the Board

Profiles of Key Senior Management Office

Christopher Hart de Keating CHdK Chief Executive Office

Christopher Hart de Keating is the Chief Executive Officer of LGI since July 2015. He holds a 'Maîtrise Audit et Contrôle de Gestion' from the Université de Paris Dauphine and a diploma in Strategy from HEC Paris. This accomplished leader has a track record of more than 10 years in senior management positions. Before joining LGI, he had a fruitful career in renowned companies of different sectors. Christopher Hart de Keating has been involved in the activity of the cluster Textile Madagascar (as Chairperson in 2009) and is a past President of the Association of Mauritian Manufacturers.

Salim Hatteea SH Finance and Administrative Manager

Salim Hatteea joined LGI in December 2015 as Finance and Administrative Manager. He holds a BSc (Hons) in Accounting from the University of Mauritius and is a Fellow of the Association of Chartered Certified Accountants (ACCA). He is also a member of the Mauritius Institute of Professional Accountants (MIPA). Salim Hatteea has acquired extensive experience in his field, having worked in both practice and industry in Mauritius and London, in a career spanning over more than 20 years.

Berty Corentin BC Operations Manager

Berty Corentin joined LGI in November 2015 as Maintenance Manager and was promoted to Operations Manager in October 2019. Berty has followed several management courses in his academic career and he possesses a strong background in Health and Safety, Quality Management and Supervisory techniques. Berty Corentin has occupied several managerial positions in his work career and he was the general manager of an excavation rental, distribution & construction company before joining LGI.



Corporate Governance Report

Year Ended June 30, 2020

DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

The Director's duties are set in the Company M&A and in the Act.

The Directors are aware of the provisions of the Act with respect to conflict of interest. At the start of each meeting members are required to declare any interests that may affect the agenda items to be considered at the meeting. Such declarations of interest are recorded in the minutes of the meeting.

The Directors abide by the Company's Code of Ethics and the Company's policies whenever applicable.

Interest of Directors

The interests of Directors and other senior officers in the equity of the Company as at June 30, 2020 are as follows

Directors	Direct Interest	Indirect Interest
	Number of Ordinary shares	Number of Ordinary shares
Antoine L. Harel	Nil	14,946
Michel Guy Rivalland	Nil	68,418

None of the other directors or senior officers holds direct or indirect interest in the shares of the Company.

The Directors confirm that they have followed the principles set in the DEM rules on restrictions on deals by Directors, with regard to their dealings in the shares of LGI.

During the year under review none of the Directors bought or sold any LGI shares.

Interests Register

An Interests Register, which contains all disclosures of interest required by the Companies Act 2001, is maintained by the Company Secretary and is updated as and when required. The Interests Register can be inspected by any shareholder upon written request made to the Company Secretary.

Related Party Transactions

The Directors confirm that related party transactions are made in the normal course of business and in accordance with the code of ethics. The related party transactions are detailed on pages 81 and 82 of the financial statements

Information, Information Technology and Information Security Governance

The Board ensures that an appropriate and efficient framework for information management is in place within the Company. Significant emphasis is laid on the confidentiality, integrity, availability and protection of information. IT policies are in place and reviewed periodically. The Company bears all the costs relating to IT.

Board Evaluation

With a view to enhance the Board's effectiveness, the Board's and the committees' performance are evaluated periodically. The evaluation is done in such a way that the Directors can reflect on and evaluate the processes in place for the Board and the Committee meetings, the performance of the Board and its committees and the director's self-performance as a Board member.

Directors' Remuneration

Non-Executive as well as Independent Directors are paid fees in relation to their appointment on the Board and Board Committees. No Directors' fees are paid to the Company's Directors sitting on the Board of the Company's subsidiary.

The Directors' remuneration is given on page 6. It has been disclosed globally due to commercial sensitivity of the information. None of the Directors received remuneration from the subsidiary or for serving as the Company's representatives on boards external to the Group.

Corporate Governance Report

Year Ended June 30, 2020



DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Directors' Remuneration (cont'd)

Directors' remuneration is reviewed yearly and is periodically benchmarked against market practices as LGI participates in surveys on Directors' remuneration in Mauritius while taking into consideration the industry, the size and the other specificities of LGI.

Remuneration Policy

The Company strives to provide remuneration and incentive arrangements that are market-competitive, consistent with best practice and that support the interests of the shareholders. The reward structure for Directors and senior executives aim at attracting, motivating experienced individuals capable of leading and managing the Company successfully and enhancing shareholder value. Executive and Senior Management remuneration includes base pay and variable performance-related incentives.

Employee Share Option Plan

No employee share option plan is available at Les Gaz Industriels Limited.

RISK GOVERNANCE AND INTERNAL CONTROL

Risk Management

The Directors acknowledge the ultimate responsibility of the Board for the risk management process and the necessity of having the relevant processes in place within LGI. However, management is accountable to the Board for the design, implementation and detailed monitoring of the risk management process. Risk issues relating to safety, health, environment and quality are addressed directly by the Board while the others are discussed at the Audit Committee that makes its recommendations thereon to the Board.

Risk in the widest sense includes market risk, credit risk, liquidity risk, operational risk and commercial risk. The most significant risks currently faced by the Company include those pertaining to the economic environment, the supply chain, regulations, skills and people, technology as well as foreign currency.

LGI has implemented an ongoing risk management process endorsed by the Board to identify and assess risks, develop and implement risk mitigation plans as part of the strategic management process, monitor progress in implementing risk mitigation plans and report company risk management activities to risk governance structure.

- Risk management responsibilities have been defined across LGI
- The Chief Executive Officer and his management team are responsible for embedding the risk management framework as approved by the Board.

The Company's risk management protocol, including Business Continuity Plan and Disaster Recovery Plan, is being assessed and an updated risk register which encompasses all the potential risks faced by the Company is prepared and updated by Management. This register is presented to and approved by the Board on a quarterly basis.

Management of key risks

Strategic risks

Les Gaz Industriels Limited is operating in a highly competitive industry. There is now fierce competition in our traditional medical gas market, resulting in a loss of revenue. The Company is addressing this by diversifying its revenue stream to reduce exposure on the public medical healthcare sector.

Operational risks

Operational risks may result from the execution of the Company's business functions and arise from systems, processes and people through which the Company operates. It includes physical and fraud risks.

Among the physical risks identified are unavoidable events such as riots, cyclones and other natural calamities. Other occurrences such as fire or equipment failure can also cause significant damage and losses. The Company has set up adequate safety and security systems. Besides, the Company has subscribed to appropriate insurance policies for the aforesaid events.

Corporate Governance Report

Year Ended June 30, 2020



RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Operational risks (cont'd)

The Company regularly performs internal control audits and employees' education and training to mitigate such risks.

The COVID-19 outbreak has seen a sharp decline in global economic growth. Mauritius, like most countries around the world, has suffered from the pandemic. The possibility remains that with a further severe decline in economic activity and reintroduction of restrictions, the Company's performance could be adversely affected. The Directors continue to monitor the impact of the COVID-19 on the Company's activities.

Technology risks

Key processes used to develop, deliver and manage our products and services, and support our operations are highly dependent on technology. Thus, the Company's activities may be severely impacted by a failure in the use, integrity or availability of our information systems.

Control processes and systems, as well as extensive back-up systems, have been implemented. The Company also holds employee education programmes on a regular basis. Furthermore, our Employees Handbook, consulted by all the employees, covers the handling of information with a view to mitigating the above-mentioned threats.

Reputational risks

The reputational risks arise from adverse perception on the part of customers, counterparties, shareholders, investors or regulators. To control the reputational risks with the same firmness as risks to our tangible assets, the Company has opted for optimizing the reputation of its brands through implementation of quality systems. Besides, the Company has implemented strong corporate governance practices to enhance transparency and business integrity.

Financial risks

The Company is exposed to various financial risks namely credit, liquidity and currency risks. These may be defined as the risk that cash flows and financial assets are not managed in a cost-effective way. The policies adopted to minimize those risks are summarized below:

Credit risk

Given our current business environment, the credit control procedures have been reinforced to further improve debtors' management.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company finances its operations through cash generated by the business and short-term bank credit facilities. Liquidity risk faced by the Company is mitigated by having diverse sources of finance available to it and maintaining substantial unutilized bank facilities.

Currency risk

The current business environment in which the Company operates is subject to some major foreign currency risks. The Company has remained prudent in its approach with regard to its foreign currency risk and has opened different foreign currency accounts in the main currencies the Company trades namely United States Dollars, Euros, South African Rands and Singapore Dollars. The objective of doing this was to match foreign currency receipts against foreign currency payments so as to minimise the impact of foreign exchange variations. However, the Company shall use forward exchange contracts to hedge large foreign transactions so as to further reduce its foreign currency risks in situations where it does not have sufficient foreign currency to match its foreign commitments.

Other information on financial risks management is given in the Financial Statements

Compliance Risk

Compliance risks are those risks arising from potential changes in laws and regulations in all territories where Les Gaz Industriels Limited operate. Management continuously monitors any announced changes that can impact the operations of the Company and make any relevant recommendation to the Board to ensure the Company is law compliant.

Corporate Governance Report

Year Ended June 30, 2020



RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Internal Control

Internal control is a process designed to provide reasonable assurance regarding the achievement of the Company's objectives and is performed by the Board of Directors, the management and other personnel. It is applicable to, and is built into, various business processes so as to cover all significant enterprise areas

Systems and processes have been implemented and are regularly reviewed by the internal audit function to ensure that they are effective and are being adhered to. Several reviews were performed by the Internal Audit during the year. Internal audit reports are reviewed by the Audit Committee which makes its recommendations for modifications or upgrading of systems and processes as and when necessary to enhance their effectiveness.

During the year, the Board has not come across any significant deficiencies or risks related to the Company's internal control systems. No fraud was reported by the internal auditors or the Management.

Whistle-blowing

The Company's whistle-blowing policy is reviewed on an annual basis. This service has been outsourced to Transparency Mauritius, a reputable NGO, who handles this function in a professional manner. All employees are encouraged to report anonymously any malpractice or other issues that they might encounter or come across while on duty.

REPORTING WITH INTEGRITY

The Directors are responsible for preparing financial statements that give a true and fair view of the state of affairs of the Company. Those financial statements are in accordance with applicable laws and regulations and comply with International Financial Reporting Standards.

This Annual Report is published on the Company's website.

Safety, Health, Environment and Sustainability Reporting

LGI complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks. It is committed to sustainable development and ensures that its operations are conducted in a way that minimizes its impact on the environment and on the society at large. LGI is fully dedicated to occupational health, safety and environmental management.

It spares no effort to ensure the health and safety of all stakeholders, and the protection of the environment. The Directors recognise that the above issues are fundamental for sustaining the growth of the Company.

In LGI's dedication to occupational health, safety and environmental management, it will:

- Comply with all occupational health, safety and environment legislations in force in the country;
- Provide and maintain a safe and healthy working environment for the employees, customers and the public at large;
- Train the employees in all aspects of occupational health, safety, fire prevention and emergency procedures
- Enforce health and safety measures and discipline in the workplace;
- Provide sufficient support and encouragement at all levels in the Company to ensure that continuous improvement is achieved in health, safety and environmental protection
- Ensure all line managers have responsibility and SHEQ accountability for occupational health, safety and environmental management;
- Promote the principles of Responsible Care to all the employees;
- Help the customers who use the Company's products to do so in a safe and environmentally acceptable manner;
- Learn from incidents and share the lessons with stakeholders.

LGI's Safety, Health, Environment and Quality (SHEQ) policies commits to the safety of people and preservation of the environment.

LGI's vision for SHEQ reflects its corporate commitment to "SHEQ, 100% of our behaviour, 100% of the time".

The safety of employees and contractors, suppliers and the local communities within which operations function, is a prerequisite to any business that the Company undertakes. The protection of the environment is a high priority. LGI is committed to minimise the environmental impact of products, to conserve natural resources, to prevent pollution and to comply with all internal company standards and external regulations.

Corporate Governance Report

Year Ended June 30, 2020



REPORTING WITH INTEGRITY (CONT'D)

Safety, Health, Environment and Sustainability Reporting (cont'd)

Company standards cover all operational aspects and activities that could affect the safety and health of people and the environment. Critical SHEQ interventions are tracked and measured by means of leading and lagging indicators. Performance targets are agreed with the business and set at the beginning of the financial year and then monitored and reported to the top Management.

LGI strives to be a sustainable enterprise that is profitable, cares about the health and welfare of its employees and acknowledges the importance of environmental protection.

Safety, Health, Environment and Quality (SHEQ) is an integral part of how LGI does business, and is encompassed in LGI's spirit as one of our values. LGI is committed to excellence in managing all activities in such a way that it ensures the protection of the health and safety of colleagues, contractors, suppliers, customers and local communities, as well as the protection of the environment.

Sustainability is closely related to issues connected with SHEQ. The inspirational goal of zero harm to people or the environment motivates us at LGI to continually improve performance.

Underpinning this, LGI has a well-developed Integrated Management System Standards (IMSS), which is based on total quality management principles and ensures compliance with the relevant legislative requirements. The system allows for integrated audit risks assessments and management reviews.

Over and above the system, LGI has a series of specific audits namely the Engineering audits done by professional consultants.

Audit findings are then rated based on their potential impact on the business and management has a specific number of days to close these findings, depending on their importance and urgencies

The protection of the environment is also another important aspect of how we conduct our business. The Company is committed to minimise the environmental impact of its products, to conserve natural resources, to prevent pollution and to comply with all internal company standards and external regulations. Company standards cover all operational aspects and activities that could affect the safety and health of people and the environment.

LGI's objective is to be profitable in such a manner that it is accountable to the Company's employees, the broader society, communities in which the Company operates and other stakeholders. Engagement with its stakeholders internally and externally is important for developing constructive relationships. LGI works closely with government bodies, communities and industry associations to meet the challenges of sustainable development.

Corporate Social Responsibility

At LGI, we believe that the Corporate Social Responsibility is a continuous commitment to behave ethically and contribute to economic and social development while improving the quality of life of our workforce and their families.

Blending well in our neighbourhood is also very important to us. We have been part of our current neighbourhood since our beginnings in 1952 and we therefore believe in the need to be inclusive and support the local community as much as possible. Beyond pecuniary support, the commitment of our team to contribute in improving our environment and surroundings is central to our social responsibility.

We also provide, through a dedicated Sales Representative, home delivery of medical oxygen to needy people around the island seven days a week. This subsidised service is also part of LGI's contribution to the wellbeing of the Mauritian society.

Donations

Charitable Donations

Charitable donations made by LGI during the year ended June 30, 2020 to two organisations amounted to Rs.70,000 (2019: Rs. 50,000 to 1 organisation).

Corporate Governance Report

Year Ended June 30, 2020

REPORTING WITH INTEGRITY (CONT'D)

Political Contributions

No political contributions were made by LGI or its subsidiary operating in Madagascar during the year under review (2019: Nil).

AUDIT

Internal Audit

The scope of the internal audit function is to maintain and improve the process by which risks are identified and managed. It also helps the Board of Directors to discharge its responsibilities to maintain and strengthen the internal control framework. The internal audit function is performed by Messrs PricewaterhouseCoopers (PWC), Public Accountants, and is led by an engagement partner. The Internal Auditor has unrestricted access to the records, management and employees of LGI.

The internal auditors have a direct reporting line to the Audit Committee and maintain an open and constructive communication channel with the executive management. They also have direct access to the Chairperson of the Audit Committee.

The internal audit plan which is approved by the Audit Committee is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.

During the year under review, the Internal Auditor performed the following audit visits during which the system controls listed below have been audited:

- (a) Distribution Review
- (b) Human Resources Process Review
- (c) Follow-up of Open Findings from previous assignments

Proposed recommendations in respect to issues identified were discussed with management and internal audit reports submitted to the Audit Committee.

Different significant areas are covered by internal audit assignments on a rotation basis, based on 2 or 3 audit assignments yearly. Over time, the Directors do not consider that any significant area within Les Gaz Industriels Limited has been left uncovered. Furthermore, the internal auditors perform a regular review to ensure that recommendations of previous assignments have been put in place.

External Audit

Baker Tilly were appointed at the Annual Meeting of Shareholders held in December 2019 as the external auditors of Les Gaz Industriels Limited in line with the provisions of the Finance Act relating to auditor's rotation.

The external auditors have direct access to the Chairperson and members of the Audit Committee and meetings can be organised between them without the presence of Management. Discussions between the Audit Committee members and external auditors include, but are not limited to, accounting policies and new or amended accounting principles (IFRS and IAS).

The Management Letter issued by the external auditors and their work in general is the subject of discussions within the Audit Committee. The Audit Committee also bases itself on the reports, management letter and feedback given by the external auditors to assess the value added that they bring to the Company.

Non-audit services rendered by external auditor

Review of quarterly reporting and corporate governance report
Income tax compliance services

	2020	2019
	Rs.	Rs.
	95,000	95,000
	65,000	-

The Directors ascertain that the external auditor's objectivity and independence are safeguarded despite these non-audit services provided due to the relative low complexity of the services rendered. In fact, the external auditors are only reviewing reports without having any say in their contents.

Corporate Governance Report

Year Ended June 30, 2020



RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The key stakeholders of Les Gaz Industriels Limited, as identified by the Board, are

- Shareholders
- Employees
- Customers
- Suppliers
- Regulatory authorities
- Providers of financ
- Technical partner

The Board of Directors believes that an efficient flow of information between the Company, its shareholders and other stakeholders is essential in order to achieve an inclusive management approach.

The Company's Annual Meeting of Shareholders provides an opportunity for shareholders to meet and discuss with the Board relating to the Company's performance. LGI values its employees and considers them as brand ambassadors. They are given adequate training to enable them to continuously improve their skills. The Company remains in constant communication with its customers in order to understand their needs and to continuously provide them with the best service level. Regarding suppliers, the Company has developed a cordial relationship with them, especially the critical ones, which results in win-win situations for both parties. Afrox is our technical partner and as a subsidiary of world leader Linde Group, it ensures that LGI benefits from the finest advice and guidance relating technical guidance and safety technique

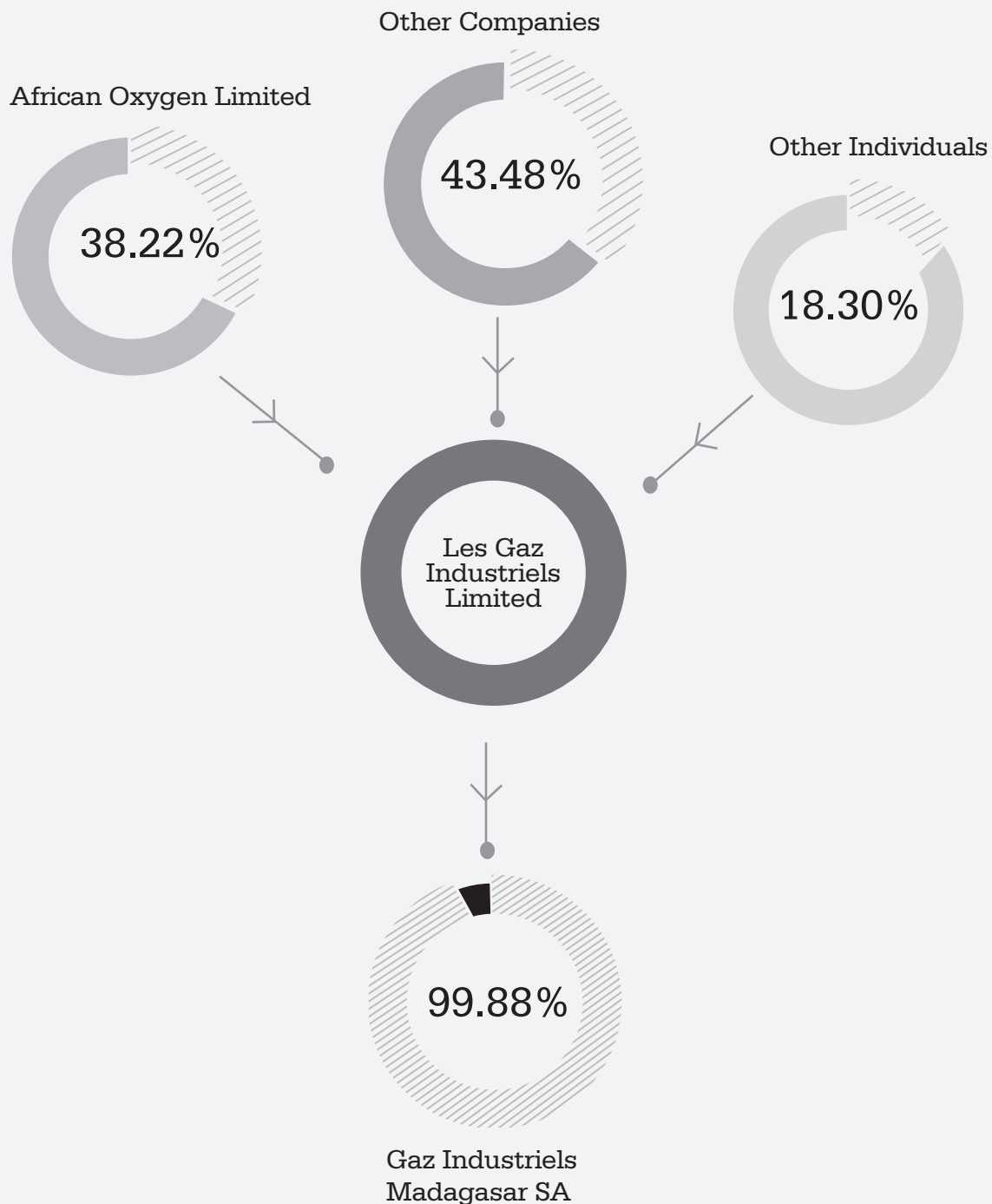
Corporate Governance Report

Year Ended June 30, 2020

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Shareholding Structure

The stated capital of the Company is made up of 2,611,392 shares with a par value of Rs. 10 per share. The breakdown of the shareholding of the Company and its Subsidiary is illustrated below.



Corporate Governance Report

Year Ended June 30, 2020

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Shareholding Profile

Profile of Company's Shareholders as at June 30, 2020

Ownership of ordinary share capital at June 30, 2020 was as follows:

Size of Shareholding	Number of Shareholders	Number of Shares Owned	% Holding
1-500	161	19,352	0.74
501-1,000	39	30,832	1.18
1,001-5,000	57	143,391	5.49
5,001-10,000	13	89,715	3.44
10,001-50,000	15	324,215	12.42
50,001-100,000	1	50,963	1.95
100,001-250,000	4	618,191	23.67
250,001-500,000	1	336,715	12.89
Over 500,000	1	998,018	38.22
Total	292	2,611,392	100.00

Category of Shareholders	Number of Shareholders	Number of Shares Owned	% Holding
Individual	239	477,874	18.30
Insurance and assurance companies	1	10	0.00
Investment and Trust Companies	5	503,023	19.26
Other corporate bodies	47	1,630,485	62.44
Total	292	2,611,392	100.00

Substantial Shareholders

Substantial shareholders are those who exercise at least 5% of voting rights at shareholders' meetings.

The substantial shareholders of Les Gaz Industriels Limited as at 30 June 2020 are detailed below.

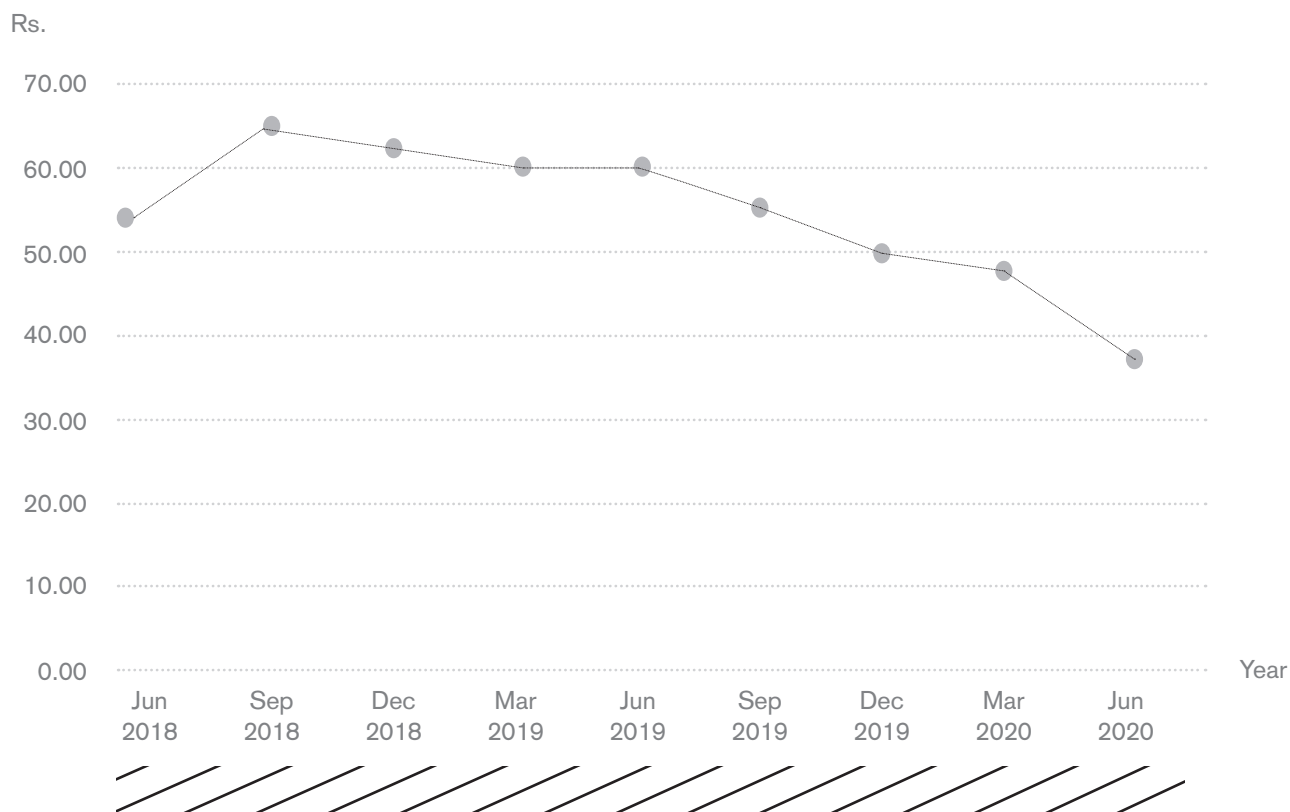
Name of Shareholder	Number of Shares Owned	% Holding
African Oxygen Limited	998,018	38.22
United Investments Ltd	503,015	19.26
Brista & Cie	332,320	12.72

Corporate Governance Report

Year Ended June 30, 2020

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Share Price Information



Dividend Policy

No formal dividend policy has been determined by the Board. Dividends are distributed after considering the Company's performance and profitability, gearing, investment needs, capital expenditure requirements and growth opportunities.

The dividend per share, dividend cover and dividend yield over the past years are given in the table below:

Financial Year	Interim / Final	Date Declared	Dividend per Share	Dividend Cover	Dividend Yield
			(Rs.)	(times)	(%)
2015	Final	September 11, 2015	1.50	(1.06)	1.43
2016	Interim	June 03, 2016	1.50	3.22	2.14
2016	Final	September 21, 2016	1.20	4.02	1.71
2017	Final	September 01, 2017	2.70	1.42	4.09
2018	-	-	0.00	0.00	0.00
2019	Final	September 26, 2019	1.20	(2.46)	2.00

Corporate Governance Report

Year Ended June 30, 2020



RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

Material Clauses of the Company's M&A

The Company's M&A do not provide any ownership restriction or pre-emption right and other material clause that needs to be disclosed. A copy of the Company's M&A is available on the Company's website.

Shareholders' Agreement Affecting the Governance of the Company by the Board

To the knowledge of the Board, there has been no such agreement with any of its Shareholders for the year under review.

Shareholder Information

Forthcoming annual meeting

A proxy form is enclosed for those shareholders unable to attend.

Calendar of planned events

Planned Events	Month
Publication of condensed results for first quarter to 30 September 202	November 2020
Consider declaration of dividend – Interim	November 2020
Annual Meeting of Shareholders	November 2020
Publication of condensed results for half year to 31 December 2020	February 2021
Publication of condensed results for third quarter to 31 March 2021	May 2021
Consider declaration of dividend – Final	May 2021
Financial year end	June 30
Publication of condensed audited results for year ended 30 June 2021	September 2021

Third Party Management Agreement

There was no agreement between third parties and the Company or its subsidiary during the year under review.

Website

LGI has a website on which the Annual Report is published, as well as other info relating to our business and corporate governance. We aim to continually improve our website to include corporate governance information not already available.

Statement Of Directors' Responsibilities

The Directors acknowledge their responsibilities for:

- (i) adequate accounting records and maintenance of effective internal control systems;
- (ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);
- (iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

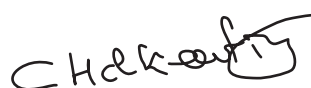
The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
 - a) International Financial Reporting Standards have been adhered to.
 - b) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.
- (iii) the annual report is published in full on the Company's website.

Signed on behalf of the Board of Directors:

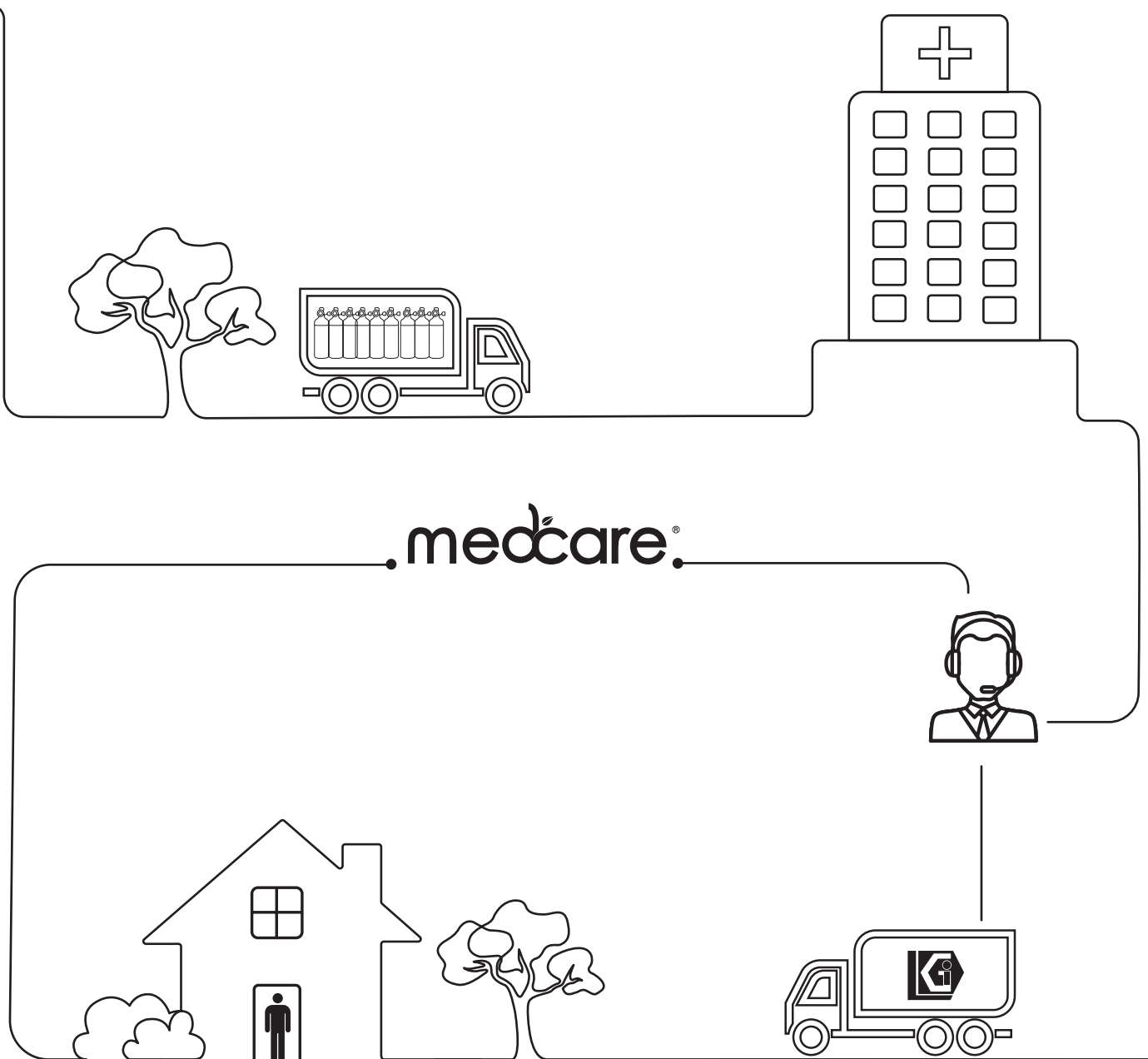


Antoine L. Harel
Chairman



Christopher Hart de Keating
Chief Executive Office

Oxygen Therapy For Your Well-Being



Statement Of Compliance

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

Name of PIE: Les Gaz Industriels Limited

Reporting Period: Year end June 30, 2020

We, the Directors of Les Gaz Industriels Limited, confirm that to the best of our knowledge, the Company has complied with all of its obligations and requirements under the Code of Corporate Governance.

The area of non-compliance, whose reason has been explained in the Report, is:

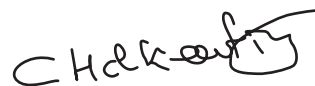
Principle 4:

- Details of the remuneration paid to each individual director

Besides, in order to comply with the provisions of the Code, LGI will revamp its website to communicate with its shareholders and stakeholders.



Antoine L. Harel
Chairman



Christopher Hart de Keating
Chief Executive Office

September 29, 2020

Secretary's Certificat

Year Ended June 30, 2020



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

A handwritten signature in black ink, appearing to read 'S. Powell'.

For HM Secretaries Ltd
SECRETARY

September 29, 2020

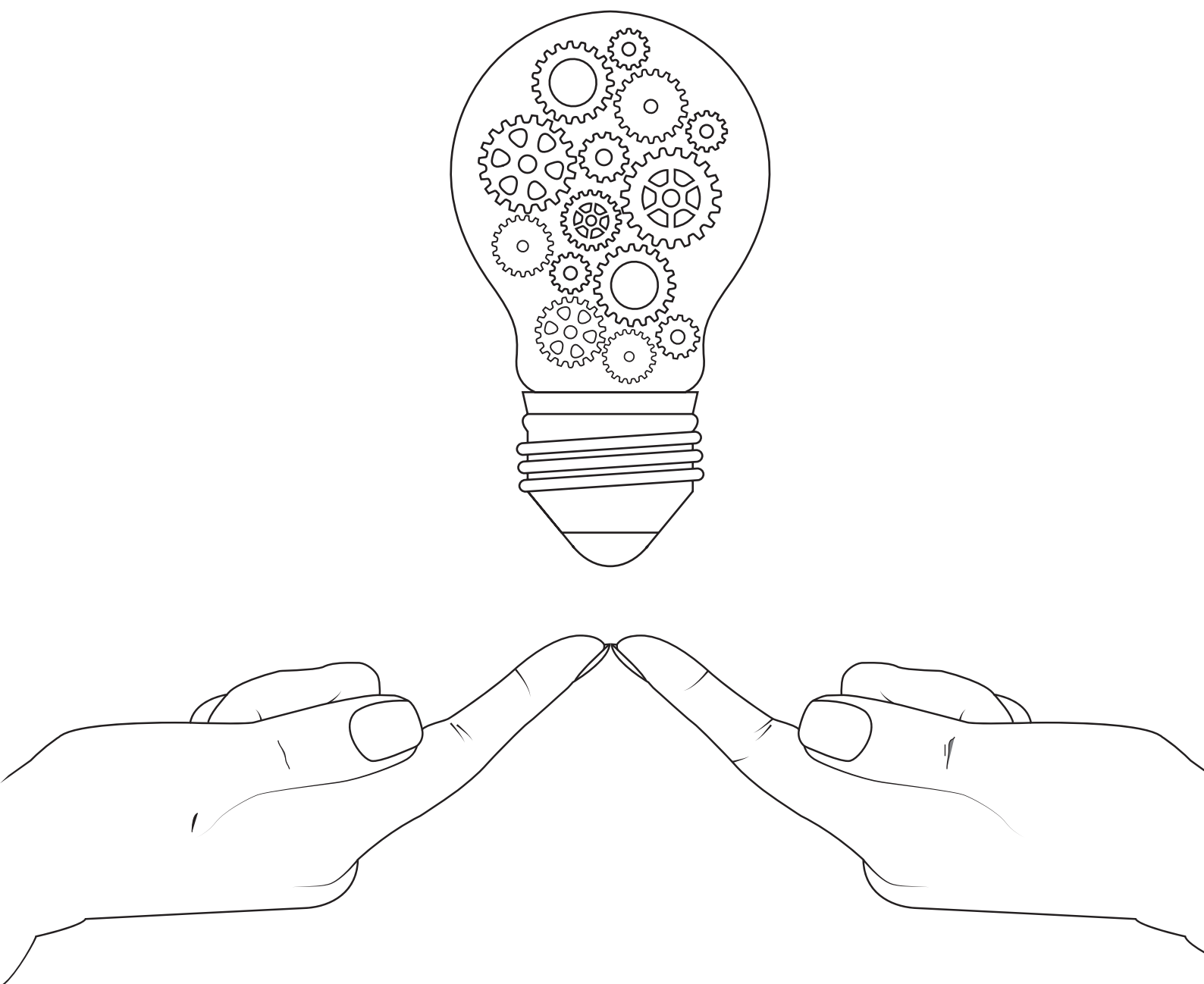
Value Added Statement

Year Ended June 30, 2020



	2020	2019	2018	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	121,708,291	108,221,580	90,282,290	102,447,835	119,443,880
Paid to suppliers for materials and services	(82,212,627)	(74,346,835)	(61,158,050)	(47,421,954)	(60,760,448)
Value added	39,495,664	33,874,745	29,124,240	55,025,881	58,683,432
Distributed as follows:					
Salaries, wages and other benefit to employees	30,558,770	29,998,306	30,559,430	32,105,002	30,076,740
Government taxes on earnings					
Taxation	607,407	805,954	(1,715,038)	1,453,957	3,434,350
Providers of capital					
Dividend to shareholders	3,133,670	-	7,050,758	3,133,670	7,834,176
Retained to ensure future growth					
Depreciation	10,163,460	10,773,008	11,232,227	11,451,595	12,572,139
Profit retained for the year	(4,967,643)	(7,702,523)	(18,003,137)	6,881,657	4,766,027
	5,195,817	3,070,485	(6,770,910)	18,333,252	17,338,166
Total wealth distributed and retained	39,495,664	33,874,745	29,124,240	55,025,881	58,683,432
Distributed as follows:					
	2020	2019	2018	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.
Salaries, wages and other benefit to employees	30,558,770	29,998,306	30,559,430	32,105,002	30,076,740
Government taxes on earnings	607,407	805,954	(1,715,038)	1,453,957	3,434,350
Providers of capital	3,133,670	-	7,050,758	3,133,670	7,834,176
Retained to ensure future growth	5,195,817	3,070,485	(6,770,910)	18,333,252	17,338,166
	39,495,664	33,874,745	29,124,240	55,025,881	58,683,432
Paid to suppliers for materials and services					
Cost of sales	79,248,283	58,212,630	55,409,372	47,796,303	46,488,833
Selling and distribution expenses	20,517,227	21,003,867	19,973,159	19,410,895	17,611,800
Administrative expenses	27,443,751	25,804,977	27,064,671	25,556,277	38,014,816
Less staff cost	(30,558,770)	(29,998,306)	(30,559,430)	(32,105,002)	(30,076,740)
Less depreciation	(10,163,460)	(10,773,008)	(11,232,227)	(11,451,595)	(12,572,139)
Other operating income	(2,362,592)	(1,163,465)	(1,068,881)	(47,750)	(1,723,050)
Share of (profit)/loss from Joint venture	(43,861)	21,484	9,341	43,773	2,534
Finance costs	(673,545)	(872,438)	(858,463)	(1,780,947)	3,014,394
Exceptional item	(1,194,406)	12,111,094	2,420,508	-	-
	82,212,627	74,346,835	61,158,050	47,421,954	60,760,448

Bringing Innovative Ideas



Independent Auditor's Report

To the Shareholders of Les Gaz Industriels Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Les Gaz Industriels Limited (the "Company") and its subsidiary (together the "Group") on pages 38 to 83, which comprise the consolidated and separate statement of financial position as at 30 June 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information

In our opinion, the financial statements on pages 38 to 83

- (i) have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS");
- (ii) give a true and fair view of the matters to which they relate;
- (iii) present fairly the financial position of the Group and Company at 30 June 2020 and their financial performance, changes in equity and cash flows for the year ended on that date; and
- (iv) comply with the requirements of Mauritius Companies Act 2001.

Basis for Opinion

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

Emphasis of matter

As stated in note 31 to the financial statements, the consolidated and separate financial statements have been prepared on the going concern basis. The Board of Directors has concluded that there are no material uncertainties which may cast significant doubt over the Group's and Company's ability to continue as a going concern for at least twelve months from the date of the approval of the financial statements.

The impact of the COVID-19 pandemic and the measures put in place to control the virus spreading, have created a number of events and conditions. However, given the Group and Company operate in the essential services area, and given the uncertainty regarding the duration, extent and ultimate impact of COVID-19 pandemic, the Group and Company cannot estimate with any precision the impact on the business at this stage. Our opinion is not modified in respect of this matter.

Other matter

We draw attention to the fact that we were appointed as auditors of the Company for the first time for the year ended 30 June 2020 on 12 February 2020. The financial statements for the year ended 30 June 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements on 26 September 2019.

Key audit matters

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

Independent Auditor's Report

To the Shareholders of Les Gaz Industriels Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
<p><i>Recoverability of amount receivable from the subsidiary company.</i></p> <p>As at June 30, 2020 the carrying value of the investment in subsidiary amounted to Rs 4,416,107 and amount receivable from same subsidiary amounted Rs 2,832,222 and the allowance for impairment of accounts receivables amount to Rs 6,919,986.</p> <p>The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. The Group's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of trade receivables.</p> <p>The COVID-19 situation has created significant instability on the global and local market. However, management was able to recover unpaid balances from its subsidiary post the financial reporting date. Whilst the level of default was higher at 30 June 2020 compared to the same period in 2019, the risk of impairment has remained low as a result of the balances settled post 30 June 2020.</p> <p>We considered as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model.</p>	<p>Our audit procedures performed included amongst others:</p> <ul style="list-style-type: none"> • Verified the computation of the ECL for accuracy • Obtained and assessed historical information as well as collections post the financial reporting date of amount receivable in order to determine the risk of defaults and whether a significant increase in credit risk has occurred. We also considered the appropriateness of forward looking factors used to determine expected credit losses; • Assessed independently assumptions and data used by management as extracted from the Company's records for completeness and accuracy; • Evaluated the adequacy of the disclosures in the financial statements
<p><i>Expiry of medical contract</i></p> <p>A significant proportion of the Company's turnover relies on the medical contract to supply medical gasses.</p> <p>The contract to supply such gases expired in December 2016 and the new contract was awarded to one of the Company's competitors with effect from January 2017, with the exception of liquid oxygen, medical air and nitrous oxide which are still being supplied by the Company and that up to March 2020. The contract was extended till June 2020.</p> <p>During the financial year June 30, 2020, 20% of the total revenue was generated from medical contracts. The Company's strategy is to reduce its reliance on such medical contracts by diversifying its revenue streams.</p>	<p>Management forecasts include a number of assumptions on future cash flows and as our audit procedures performed included amongst others:</p> <ul style="list-style-type: none"> • Assessment that the medical contract will be renewed on expiry; • Challenging management as to the reasonableness of obtaining new clients and contracts; • Verifying the consistency of key inputs relating to future costs and production to other financial and operational information obtained during our audit.

Independent Auditor's Report

To the Shareholders of Les Gaz Industriels Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Responsibilities of the Directors and Those Charged with Governance 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 IFRS and comply with the requirements of Mauritius Companies Act 2001, and for such internal control as the directors determines are necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

This opinion has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001 and for no other purposes.

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

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

Independent Auditor's Report

To the Shareholders of Les Gaz Industriels Limited

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

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

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

Other information

The directors are responsible for the other information. The other information comprises statutory disclosures and secretary's certificate

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interest in the Company or of its subsidiary other than in our capacity as auditor and tax adviser of the Company.

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 is to report on the extent of the compliance with the Code of Corporate Governance as disclosed in the corporate governance report and on whether the disclosure is consistent with the requirement of the Code.

The directors have given explanations on the principles of the Code which have not been complied with.

In our opinion, except for areas non-application of the Code for which directors have given satisfactorily explanation, the disclosure in the financial statements is consistent with the principles of the Code

Baker Tilly

Vivek Gujadhur
Licensed by FRC

Date: 07 October 2020

Statements of Financial Position

As at June 30, 2020



	Notes	The Group		The Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	5	239,748,214	249,558,568	235,308,874	244,867,116
Intangible assets	6	220,157	301,829	220,157	301,829
Investment in subsidiary	7	-	-	4,416,107	4,416,107
		239,968,371	249,860,397	239,945,138	249,585,052
Current assets					
Inventories	8	20,271,333	15,429,304	18,816,489	14,454,649
Trade and other receivables	9	20,069,650	19,324,942	18,846,796	18,453,596
Financial assets at amortised cost	10	3,251,872	4,307,048	6,084,095	7,424,831
Prepayments		941,195	9,978,777	941,195	9,949,103
Cash and cash equivalents	27(b)	22,021,553	16,959,241	20,299,116	14,105,313
		66,555,603	65,999,312	64,987,691	64,387,492
Total assets	Rs.	306,523,974	315,859,709	304,932,829	313,972,544
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	26,114,079	26,114,079	26,114,079	26,114,079
Revaluation and other reserves	12	41,617,976	48,053,011	41,909,649	46,398,204
Retained earnings		142,092,601	146,195,261	144,138,025	147,390,481
Owners' interest		209,824,656	220,362,351	212,161,753	219,902,764
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	13	23,594,872	24,915,311	23,594,872	24,915,311
Retirement benefit obligation	14	13,574,736	9,723,928	13,574,736	9,723,928
		37,169,608	34,639,239	37,169,608	34,639,239
Current liabilities					
Trade and other payables	15	53,500,015	52,196,250	49,611,017	50,768,672
Current tax liabilities	16(a)	992,195	575,683	952,951	575,683
Borrowings	17	5,037,500	8,086,186	5,037,500	8,086,186
		59,529,710	60,858,119	55,601,468	59,430,541
Total liabilities		96,699,318	95,497,358	92,771,076	94,069,780
Total equity and liabilities	Rs.	306,523,974	315,859,709	304,932,829	313,972,544

These financial statements have been approved for issue by the Board of Directors on September 29, 2020.

Antoine L. Harel
Chairman

Christopher Hart de Keating
Chief Executive Office

The notes on pages 43 to 83 form an integral part of these financial statements.

Auditor's Report on pages 34 to 37

Statements of Profit or Los

Year Ended June 30, 2020



	Notes	The Group		The Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Revenue	18	126,626,062	109,655,541	121,708,291	108,221,580
Cost of sales	19	(79,673,824)	(58,706,382)	(79,043,283)	(58,212,630)
Gross profit		46,952,238	50,949,159	42,665,008	50,008,950
Other income	20	2,374,281	1,163,125	2,362,592	1,163,125
Selling and distribution expenses	19	(22,674,114)	(22,543,722)	(21,052,826)	(21,003,867)
Administrative expenses	19	(30,548,394)	(31,093,448)	(27,113,151)	(25,804,977)
		(3,895,989)	(1,524,886)	(3,138,377)	4,363,231
Finance income	21	662,922	872,778	673,545	872,778
Loss from ordinary activities		(3,233,067)	(652,108)	(2,464,832)	5,236,009
Share of profit/(loss) from joint ventur	22	43,861	(21,484)	43,861	(21,484)
Loss before exceptional items		(3,189,206)	(673,592)	(2,420,971)	5,214,525
Exceptional items	23	1,194,406	-	1,194,406	(12,111,094)
Loss before taxation	24	(1,994,800)	(673,592)	(1,226,565)	(6,896,569)
Taxation	16(b)	(689,376)	(805,954)	(607,407)	(805,954)
Loss for the year	Rs.	(2,684,176)	(1,479,546)	(1,833,972)	(7,702,523)
Loss per share	25	Rs. (1.03)	(0.57)		

The notes on pages 43 to 83 form an integral part of these financial statements.
Auditor's Report on pages 34 to 37

Statements of Profit or Loss and Other Comprehensive Income

Year Ended June 30, 2020



	Notes	The Group		The Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Loss for the year		(2,684,176)	(1,479,546)	(1,833,972)	(7,702,523)
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss</u>					
Remeasurement of post employment benefit obligation	12	(3,262,787)	(2,087,456)	(3,262,787)	(2,087,456)
Deferred tax relating to components of other comprehensive income	12	489,418	313,118	489,418	313,118
<u>Items that may be reclassified subsequently to profit or loss</u>					
Exchange differences on translating foreign operations	12	(1,946,480)	(520,650)	-	-
Other comprehensive loss for the year		(4,719,849)	(2,294,988)	(2,773,369)	(1,774,338)
Total comprehensive loss for the year	Rs.	(7,404,025)	(3,774,534)	(4,607,341)	(9,476,861)

The notes on pages 43 to 83 form an integral part of these financial statements.

Auditor's Report on pages 34 to 37

Statements of Changes in Equity

Year Ended June 30, 2020



Note	Share Capital	Share Premium	Translation Reserve	Revaluation Surplus	Actuarial gains/(losses) reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
THE GROUP							
Balance at July 1, 2019	26,113,920	159	1,654,807	55,813,691	(9,415,487)	146,195,261	220,362,351
Loss for the year	-	-	-	-	-	(2,684,176)	(2,684,176)
Revaluation reserve - release to retained earnings	-	-	-	(1,715,186)	-	1,715,186	-
Other comprehensive income for the year	-	-	(1,946,480)	-	(2,773,369)	-	(4,719,849)
Total comprehensive income for the year	-	-	(1,946,480)	(1,715,186)	(2,773,369)	(968,990)	(7,404,025)
Dividends	26	-	-	-	-	(3,133,670)	(3,133,670)
Balance at June 30, 2020	Rs. 26,113,920	159	(291,673)	54,098,505	(12,188,856)	142,092,601	209,824,656
Balance at July 1, 2018	26,113,920	159	2,175,457	55,813,691	(7,641,149)	147,674,807	224,136,885
Loss for the year	-	-	-	-	-	(1,479,546)	(1,479,546)
Other comprehensive income for the year	-	-	(520,650)	-	(1,774,338)	-	(2,294,988)
Total comprehensive income for the year	-	-	(520,650)	-	(1,774,338)	(1,479,546)	(3,774,534)
Balance at June 30, 2019	Rs. 26,113,920	159	1,654,807	55,813,691	(9,415,487)	146,195,261	220,362,351

Note	Share Capital	Share Premium	Revaluation Surplus	Actuarial gains/(losses) reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
THE COMPANY						
Balance at July 1, 2019	26,113,920	159	55,813,691	(9,415,487)	147,390,481	219,902,764
Loss for the year	-	-	-	-	(1,833,972)	(1,833,972)
Revaluation reserve - release to retained earnings	-	-	(1,715,186)	-	1,715,186	-
Other comprehensive income for the year	-	-	-	(2,773,369)	-	(2,773,369)
Total comprehensive income for the year	-	-	(1,715,186)	(2,773,369)	(118,786)	(4,607,341)
Dividends	26	-	-	-	(3,133,670)	(3,133,670)
Balance at June 30, 2020	Rs. 26,113,920	159	54,098,505	(12,188,856)	144,138,025	212,161,753
Balance at July 1, 2018	26,113,920	159	55,813,691	(7,641,149)	155,093,004	229,379,625
Loss for the year	-	-	-	-	(7,702,523)	(7,702,523)
Other comprehensive income for the year	-	-	-	(1,774,338)	-	(1,774,338)
Total comprehensive income for the year	-	-	-	(1,774,338)	(7,702,523)	(9,476,861)
Balance at June 30, 2019	Rs. 26,113,920	159	55,813,691	(9,415,487)	147,390,481	219,902,764

The notes on pages 43 to 83 form an integral part of these financial statements.
Auditor's Report on pages 34 to 37

Statements of Cash Flows

Year Ended June 30, 2020



	Notes	The Group		The Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Cash flows from operating activitie					
Cash generated from operations	27(a)	13,900,767	8,916,309	12,809,003	1,946,646
Income tax paid		(1,103,884)	-	(1,061,159)	-
Interest received		-	340	-	340
Interest paid		(192,025)	(77,091)	(192,025)	(77,091)
Net cash generated from operating activities		12,604,858	8,839,558	11,555,819	1,869,895
Cash flows used in investing activitie					
Purchase of property, plant and equipment		(2,453,272)	(3,142,141)	(2,441,424)	(3,142,141)
Purchase of intangible assets		(107,693)	-	(107,693)	-
Proceeds from sale of property, plant and equipment		3,369,457	866,885	3,369,457	5,688,673
Proceeds from sale of intangibles		-	-	-	-
Net cash from/(used in) investing activities		808,492	(2,275,256)	820,340	2,546,532
Cash flows used in financing activiti					
Dividends paid		(3,133,670)	-	(3,133,670)	-
Proceeds from short-term borrowings		-	11,228,290	-	11,228,290
Payment on borrowings		(7,538,049)	(3,690,241)	(7,538,049)	(3,690,241)
Loan received		5,037,500	-	5,037,500	-
Net cash (used in)/from financing activitie		(5,634,219)	7,538,049	(5,634,219)	7,538,049
Net increase in cash and cash equivalents		7,779,131	14,102,351	6,741,940	11,954,476
Movement in cash and cash equivalents					
At July 1,		16,411,104	2,829,403	13,557,176	1,602,700
Increase		7,779,131	14,102,351	6,741,940	11,954,476
Effect of foreign exchange rate changes		(2,168,682)	(520,650)	-	-
At June 30,	27(b) Rs.	22,021,553	16,411,104	20,299,116	13,557,176

The notes on pages 43 to 83 form an integral part of these financial statements
Auditor's Report on pages 34 to 37

Notes to the Financial Statements

Year Ended June 30, 2020

1. GENERAL INFORMATION

Les Gaz Industriels Limited is a public company incorporated and domiciled in Mauritius. The principal activity of the Company and the subsidiary company is the manufacture and distribution of medical and industrial gases (in bulk and in cylinders) and of welding electrodes. The Company also provides welding and cutting equipment and accessories as well as installation of gas reticulation. The address of its registered office is 18, Edith Cavell Street, Port Louis and its place of operations is at Pailles Road, G.R.N.W.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of compliance

The financial statements of Les Gaz Industriels Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements include the consolidated financial statements of the parent company and its subsidiary company (The Group) and the separate financial statements of the parent company (the Company).

2.2 Functional and presentation currency

The financial statements are presented in Mauritian Rupees ("Rs") and all values are rounded to the nearest unit, except when otherwise indicated.

2.3 Basis of measurement

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that freehold land and buildings are carried at revalued amounts and plant and machinery are stated at deemed cost.

2.4 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 4

2.5 Changes in accounting policies

The following standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning on 1 July 2019 were adopted by the Group. However, these did not have a material impact on the Group's financial statements

New and amended standards and interpretations effective for the current year

IFRIC 23 - Uncertainty Over Income Tax Treatments

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Changes in accounting policies (cont'd)

New and amended standards and interpretations effective for the current year (cont'd)

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

- judgments made;
- assumptions and other estimates used; and
- the potential impact of uncertainties that are not reflected

The standard does not have any major impact on the Company's financial statements

IFRS 16 - Leases

The Group applied IFRS 16 with a date of initial application of 1 July 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to the contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July, 2019.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 or IAS 17. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Group applied IFRS 16 to contracts that were previously issued as lease. Therefore, the definition of a lease under IFRS 16 was applied to the contracts entered into or changed on or after 1 July 2019.

B. As a lessee

As a lessee, the Group previously classified leases as operating leases based on its assessment of since the lease did not transfer significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for such leases – i.e. these leases are on-balance sheet.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application

However, for leases of property the Group has elected not to separate non-lease components (i.e. electricity and maintenance) and account for the lease and associated non-lease components as a single lease component.

The Group has recognised a lease liability at the date of initial application for lease previously classified as operating lease applying IAS 17. The lessee has measured that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application i.e. 1 July 2019.

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Changes in accounting policies (cont'd)

New and amended standards and interpretations effective for the current year (cont'd)

The Group has chosen to measure right-of-use at an amount equal to lease liability after adjusting the amount for accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application and therefore there is no adjustment to the opening retained earnings balance.

The standard does not have any major impact on the Group's financial statements

Amendments to IFRS 9 – Prepayments Features with Negative Compensation

The narrow-scope amendments made to IFRS 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss

To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

The standard does not have any major impact on the Group's financial statements

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 1 and IAS 8 - Definition of Material (effective for annual period beginning on or after 01 January 2020)
- Amendments to IFRS 7 and IFRS 9 - Interest rate benchmark reform (effective for annual period beginning on or after 01 January 2020)

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IAS 1 and IAS 8 – Definition of Material

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole; and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the financial statements of the Group in the current or future reporting periods and on foreseeable future transactions

Amendments to IFRS 7 and IFRS 9 – Interest rate benchmark reform

The amendments modify some specific hedge accounting requirements to provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving LIBOR-based contracts, the reliefs will affect companies in all industries.

The directors anticipate that the adoption of these standards and interpretations will not have a material impact on the financial statements of the Group in the current or future reporting periods and on foreseeable future transactions

Notes to the Financial Statements

Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment

Land and buildings, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings. Plant and machinery is stated at deemed cost less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

	Per annum
Buildings	2% - 25%
Plant and machinery	2% - 7.5%
Motor vehicles	20%
Furniture and fitting	10%
Office equipment	25%

Land is not depreciated.

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

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

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

2.7 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful life of 4 years.

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

The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investment in subsidiary company

Separate financial statements

In the separate financial statements, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the value of the investment.

Consolidated financial statements

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest. Non controlling interests represent only 0.1% and therefore has not been recognised being immaterial.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.9 Interest in joint venture

The interest in the jointly controlled entity is accounted for by the equity method. The investment is initially recognised at cost and adjusted by post-acquisition changes in the Group's share of the net assets of the joint venture less any impairment in the value of individual investments.

When the Group's share of losses exceeds its interest in a joint venture, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the joint venture.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments

Recognition and initial measurement

Loans and receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the asset
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

Business model assessment (cont'd)

Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition

Subsequent measurement and gains and losses

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss
- Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

Notes to the Financial Statements

Year Ended June 30, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) Adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) Overseas economic conditions that correlate with defaults on the assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

Assets carried at amortised cost (cont'd)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Non derivative financial asset

The Company recognises loss allowances for ECLs on following categories of financial assets

- financial assets measured at amortised cost; an
- debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets (cont'd)

Credit-impaired financial assets

At each reporting date, the Company assesses whether the financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties

Presentation of allowance of ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof

2.12 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement benefit obligations

(i) *Defined contribution plans*

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

Payments to defined contribution plans are recognised as an expense when employees have rendered service that entitle them to the contributions.

(ii) *Defined benefit plans*

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

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

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

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

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

(iii) *Gratuity on retirement*

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded.

2.15 Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Foreign currencies (cont'd)

(ii) Transactions and balances (cont'd)

Foreign exchange gains and losses that relate to cash and cash equivalents are recognised in profit or loss within finance income or cost.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

(iii) Group company

The results and financial position of the subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rates at the date of that statement of financial position
- (b) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences deferred in the separate components of equity relating to that foreign operation is recognised in profit or loss as part of the gain or loss on disposal.

2.16 Share capital

Ordinary shares are classified as equity.

2.17 Borrowings

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

2.18 Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Impairment of non-financial asset

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

Notes to the Financial Statements

Year Ended June 30, 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Revenue recognition

(a) Revenue from contracts with customers

Performance obligations and timing of revenue recognition

Revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer.

Determining the transaction price

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

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Practical Exemptions

The Company has taken advantage of the practical exemptions:

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

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

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

2.21 Segment reporting

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

2.22 Exceptional item

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

2.23 Dividend distribution

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

Notes to the Financial Statements

Year Ended June 30, 2020

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to the following financial risks:

- Currency risk;
- Credit risk; and
- Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the Group's financial performance

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, ZAR, Singaporean dollar and the US dollar. Foreign exchange risk arises mainly from future commercial transactions. The Group has bank accounts denominated in foreign currencies to hedge its exposure to foreign currency risk when future commercial transactions crystallise.

The carrying amounts of the Group's and Company's financial assets and financial liabilities are denominated the following currencies:

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Financial assets				
Euro	100,270	171,148	100,270	171,148
Mauritian Rupees	30,171,990	21,834,385	30,171,990	21,834,385
Singaporean dollar	29,214	11,522	29,214	11,522
US Dollar	9,158,956	12,903,702	9,158,956	12,903,702
South African Rand	654,763	1,340,063	654,763	1,340,063
Malaysian Ringgit	1,376	1,258	1,376	1,259
Malagasy Ariary	5,226,231	4,329,093	5,113,163	3,721,600
Seychelles Rupees	275	60	275	61
Rs.	45,343,075	40,591,231	45,230,007	39,983,740
Financial liabilities				
Great British Pound	537,402	-	537,402	-
Mauritian Rupees	17,735,246	19,254,504	18,467,362	18,165,136
Singaporean dollar	256,821	948,497	256,821	948,497
US Dollar	5,796,999	9,304,758	5,796,999	9,304,758
South African Rand	97,819	1,008,638	97,819	1,008,638
Malagasy Ariary	4,621,114	338,210	-	-
Rs.	29,045,401	30,854,607	25,156,403	29,427,029

Prepayments and deposits amounting to Rs. 941,195 and Rs. 29,492,114 (2019: Rs. 9,978,777 and Rs. 29,427,829) for Group and Rs. 941,195 and Rs. 29,492,114 (2019: Rs. 9,949,103 and Rs. 29,427,829) for Company have been not been included in financial assets and financial liabilities respective .

Sensitivity analysis

An 11% strengthening of the above foreign exchanges against the Mauritian rupee at 30 June 2020 would affect the results of the Group and the Company by the amounts shown below (2019: 5%). The analysis assumes that all other variables, in particular interest rates, remain constant, and is applied against the gross statement of financial position exposure at the reporting date.

Notes to the Financial Statements

Year Ended June 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

a) Currency risk (cont'd)

Sensitivity analysis (cont'd)

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Impact of 11% strengthening against MUR (2019: 5%)	424,702	357,837	920,587	344,373

An 11% weakening of the foreign exchange currencies at 30 June 2020 would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant (2019: 5%).

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is managed on a Group basis. For banks and financial institutions, only independently rated parties are accepted

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Trade and other receivables	20,069,650	19,324,942	18,846,796	18,453,596
Financial assets at amortised cost	3,251,872	4,307,048	6,084,095	7,424,831
Cash and cash equivalents	22,021,553	16,959,241	20,299,116	14,105,313
	45,343,075	40,591,231	45,230,007	39,983,740

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

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by the delivery of cash or another financial asset

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available

Notes to the Financial Statements

Year Ended June 30, 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

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

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.
At June 30, 2020				
Borrowings	5,037,500	-	-	-
Trade and other payables	24,007,901	-	-	-
	29,045,401	-	-	-
At June 30, 2019				
Borrowings	8,086,186	-	-	-
Trade and other payables	22,768,421	-	-	-
	30,854,607	-	-	-
THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs.	Rs.	Rs.	Rs.
At June 30, 2020				
Borrowings	5,037,500	-	-	-
Trade and other payables	20,118,903	-	-	-
	25,156,403	-	-	-
At June 30, 2019				
Borrowings	8,086,186	-	-	-
Trade and other payables	21,340,843	-	-	-
	29,427,029	-	-	-

(d) Cash flow and fair value interest rate risk

At June 30, 2020, if interest rates on rupee-denominated borrowings had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been Rs.4,282 (2019: Rs.1,233) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings

3.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

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

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

Notes to the Financial Statements

Year Ended June 30, 2020



3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amounts of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Total debt	5,037,500	8,086,186	5,037,500	8,086,186
Less: Cash and cash equivalents	(22,021,553)	(16,959,241)	(20,299,116)	(14,105,313)
Net debt	(16,984,053)	(8,873,055)	(15,261,616)	(6,019,127)
Total equity	209,824,656	220,362,351	212,161,753	219,902,764
Debt-to-capital ratio	N/A	N/A	N/A	N/A

There were no changes in the Group's approach to capital risk management during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) Pension benefits

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 14.

Notes to the Financial Statements

Year Ended June 30, 2020



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

4.1 Critical accounting estimates and assumptions (cont'd)

(b) Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in profit or loss. The Group engaged valuation specialists to determine fair value as at April 30, 2013. The land and building is revalued at a reasonable frequency as determined by the board of directors.

(c) Asset lives and residual values

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

(d) Depreciation policies

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

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

(e) Revenue recognition

Management exercises judgement in assessing whether significant risks and rewards have been transferred to the customer to permit revenue to be recognised.

Revenue arising from maintenance and repair work in progress is recognised on the percentage of completion basis.

(f) Impairment of assets

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

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

Notes to the Financial Statements

Year Ended June 30, 2020

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
(a) THE GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) COST/VALUATION						
At July 1, 2019	33,999,425	45,688,440	217,519,062	11,676,073	44,866,076	353,749,076
Additions	-	35,000	526,991	-	1,891,281	2,453,272
Disposals	(1,885,594)	-	(1,833,512)	(13,000)	(4,057,714)	(7,789,820)
Foreign exchange difference	-	-	275,446	-	-	275,446
At June 30, 2020						
Cost	6,540,218	18,462,240	216,487,987	11,663,073	42,699,643	295,853,161
Valuation	25,573,613	27,261,200	-	-	-	52,843,813
At June 30, 2020	32,113,831	45,723,440	216,487,987	11,663,073	42,699,643	348,687,974
DEPRECIATION						
At July 1, 2019	-	12,177,512	52,329,974	7,945,886	31,737,136	104,190,508
Charge for the year	-	1,501,132	5,374,401	926,469	2,658,257	10,460,259
Disposal adjustments	-	-	(1,734,975)	(13,000)	(4,016,275)	(5,764,250)
Foreign exchange difference	-	-	53,243	-	-	53,243
At June 30, 2020	-	13,678,644	56,022,643	8,859,355	30,379,118	108,939,760
NET BOOK VALUES						
At June 30, 2020	Rs. 32,113,831	32,044,796	160,465,344	2,803,718	12,320,525	239,748,214
	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
(a) THE GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(ii) COST/VALUATION						
At July 1, 2018	33,999,425	45,688,440	217,618,648	9,376,863	44,615,841	351,299,217
Additions	-	-	252,032	2,299,210	590,900	3,142,142
Disposals	-	-	(351,618)	-	(340,665)	(692,283)
At June 30, 2019						
Cost	6,710,625	18,427,240	217,519,062	11,676,073	44,866,076	299,199,076
Valuation	27,288,800	27,261,200	-	-	-	54,550,000
At June 30, 2019	33,999,425	45,688,440	217,519,062	11,676,073	44,866,076	353,749,076
DEPRECIATION						
At July 1, 2018	-	10,671,518	47,082,422	7,315,458	29,133,935	94,203,333
Charge for the year	-	1,505,994	5,297,389	630,428	2,943,621	10,377,432
Disposal adjustments	-	-	(49,837)	-	(340,420)	(390,257)
At June 30, 2019	-	12,177,512	52,329,974	7,945,886	31,737,136	104,190,508
NET BOOK VALUES						
At June 30, 2019	Rs. 33,999,425	33,510,928	165,189,088	3,730,187	13,128,940	249,558,568

Notes to the Financial Statements

Year Ended June 30, 2020

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

	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(b) THE COMPANY						
(i) COST/VALUATION						
At July 1, 2019	33,999,425	45,688,440	212,443,533	11,676,073	44,866,076	348,673,547
Additions	-	35,000	515,143	-	1,891,281	2,441,424
Disposals	(1,885,594)	-	(1,833,512)	(13,000)	(4,057,714)	(7,789,820)
At June 30, 2020						
Cost	6,540,218	18,462,240	211,125,164	11,663,073	42,699,643	290,490,338
Valuation	25,573,613	27,261,200	-	-	-	52,843,813
At June 30, 2020	32,113,831	45,723,440	211,125,164	11,663,073	42,699,643	343,325,151
DEPRECIATION						
At July 1, 2019	-	12,177,512	51,945,897	7,945,886	31,737,136	103,806,431
Charge for the year	-	1,501,132	4,888,238	926,469	2,658,256	9,974,095
Disposal adjustments	-	-	(1,734,974)	(13,000)	(4,016,275)	(5,764,249)
At June 30, 2020	-	13,678,644	55,099,161	8,859,355	30,379,117	108,016,277
NET BOOK VALUES						
At June 30, 2020	Rs. 32,113,831	32,044,796	156,026,003	2,803,718	12,320,526	235,308,874
	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings and Office equipment	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(b) THE COMPANY						
(ii) COST/VALUATION						
At July 1, 2018	33,999,425	45,688,440	217,618,649	9,376,863	44,615,841	351,299,218
Additions	-	-	252,031	2,299,210	590,900	3,142,141
Disposals	-	-	(5,427,147)	-	(340,665)	(5,767,812)
At June 30, 2019						
Cost	6,710,625	18,427,240	212,443,533	11,676,073	44,866,076	294,123,547
Valuation	27,288,800	27,261,200	-	-	-	54,550,000
At June 30, 2019	33,999,425	45,688,440	212,443,533	11,676,073	44,866,076	348,673,547
DEPRECIATION						
At July 1, 2018	-	10,671,518	47,082,422	7,315,458	29,133,935	94,203,333
Charge for the year	-	1,505,994	5,167,053	630,428	2,943,621	10,247,096
Disposal adjustments	-	-	(303,578)	-	(340,420)	(643,998)
At June 30, 2019	-	12,177,512	51,945,897	7,945,886	31,737,136	103,806,431
NET BOOK VALUES						
At June 30, 2019	Rs. 33,999,425	33,510,928	160,497,636	3,730,187	13,128,940	244,867,116

Notes to the Financial Statements

Year Ended June 30, 2020

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

- (c) The Company's plant and machinery were last revalued at June 30, 2005 by Consultec Ltd, an independent valuer. Valuations were made on the basis of open market value. The gain in revaluation net of deferred income taxes was credited to revaluation surplus in shareholders' equity (note 12). It is no longer the Company's policy to revalue plant and machinery. The revalued amount at June 30, 2005 is considered to be the 'Deemed Cost'.
- (d) The Company's freehold land and buildings were revalued on April 30, 2013 by Gexim Real Estate Ltd, an independent valuer. Valuations were made on the basis of open market value. The revaluation surplus net of deferred income taxes was credited to revaluation surplus in shareholders' equity (note 12).
- (e) Details of the Group's and the Company's land and buildings and plant and machinery measured at fair value and information about the fair value hierarchy as at June 30, 2020 are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Level 2 Rs.	Level 2 Rs.	Level 2 Rs.	Level 2 Rs.
Land	Rs. 32,113,831	54,550,000	32,113,831	54,550,000
Buildings	Rs. 32,044,796	12,960,353	32,044,796	12,960,353
Plant and machinery	Rs. 160,465,344	165,189,088	156,026,003	160,497,636

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Freehold land and buildings				
Cost	53,539,589	53,674,997	53,539,589	53,674,997
Accumulated depreciation	Rs. (13,838,611)	(12,337,479)	(13,838,611)	(12,337,479)
Net book value	39,700,978	41,337,518	39,700,978	41,337,518

- (g) If plant and machinery were stated on the historical cost basis, the amounts would be as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Plant and machinery				
Cost	221,863,682	223,170,203	216,776,305	218,094,674
Accumulated depreciation	Rs. (97,759,487)	(94,120,061)	(97,019,584)	(93,866,320)
Net book value	124,104,195	129,050,142	119,756,721	124,228,354

- (h) Depreciation charge for the year has been included in:

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cost of sales	7,373,376	7,794,548	7,373,376	7,794,548
Selling and distribution expenses	1,331,774	1,029,097	1,331,774	1,029,097
Administrative expenses	1,755,109	1,553,787	1,268,945	1,423,451
	Rs. 10,460,259	10,377,432	9,974,095	10,247,096

- (i) Bank borrowings were secured by fixed charge on the assets of the Group including property, plant and equipment.

Notes to the Financial Statements

Year Ended June 30, 2020

6. INTANGIBLE ASSETS

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
<u>Computer software</u>				
(a) COST				
At July 1,	11,472,919	11,472,919	11,472,919	11,472,919
Additions	107,693	-	107,693	-
Disposal	(115,000)	-	(115,000)	-
At June 30,	11,465,612	11,472,919	11,465,612	11,472,919
AMORTISATION				
At July 1,	11,171,090	10,645,178	11,171,090	10,645,178
Charge for the year	189,365	525,912	189,365	525,912
Depreciation reversed on disposal	(115,000)	-	(115,000)	-
At June 30,	11,245,455	11,171,090	11,245,455	11,171,090
NET BOOK VALUES	Rs. 220,157	301,829	220,157	301,829

(b) Amortisation charge of Rs.779 (2019: Rs.4,594) has been included in cost of sales, Rs.188,586 (2019: Rs.519,068) in administrative expenses and Rs.Nil (2019: Rs.2,250) in selling and distribution expenses.

7. INVESTMENT IN SUBSIDIARY COMPANY - COST

THE COMPANY

At July 1,
Amount receivables from subsidiary converted into investment
Impairment losses
At June 30,

2020	2019
Rs.	Rs.
4,416,107	787,244
-	7,627,838
-	(3,998,975)
4,416,107	4,416,107

(a) Details of the subsidiary company are as follows:

Name of Company	Class of shares held	Year end	Stated Capital	Proportion of direct ownership interest		Country of incorporation and operation	Main business
				2020	2019		
Gaz Industriels Madagascar SA	Ordinary	June 30,	Rs. 1,823,044	99.9%	99.9%	Madagascar	Production and sale of gases

The directors have assessed the carrying value of the investments at the reporting date and concluded that these investments are not impaired.

Notes to the Financial Statements

Year Ended June 30, 2020

8. INVENTORIES

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Finished goods	14,580,650	10,922,116	13,125,806	6,943,256
Raw materials	204,096	265,269	204,096	265,269
Spare parts	5,486,587	4,241,919	5,486,587	7,246,124
Rs.	20,271,333	15,429,304	18,816,489	14,454,649

- (a) The cost of inventories recognised as expense and included in cost of sales amounted to Rs.52,168,348 (2019: Rs.35,696,054) and Rs.52,467,381 (2019: Rs.34,563,845) for the Group and for the Company respectively.

9. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Trade receivables	31,124,948	29,726,493	28,426,237	27,379,290
Expected credit loss	(11,055,298)	(10,401,551)	(9,579,441)	(8,925,694)
Trade receivables net of provision	Rs. 20,069,650	19,324,942	18,846,796	18,453,596

Trade receivables may be analysed as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
- To third parties	26,267,380	25,242,861	20,736,446	19,174,756
- To related parties (note 29)	4,857,568	4,483,632	7,689,791	8,204,534
Rs.	31,124,948	29,726,493	28,426,237	27,379,290

(i) Impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before June 30, 2020 or July 1, 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of Mauritius, where it sells most of its goods and services, to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Notes to the Financial Statements

Year Ended June 30, 2020

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade receivables (cont'd)

On that basis, the loss allowance as at June 30, 2019 in compliance with IFRS 9 was determined as follows for trade receivables:

THE GROUP							
At June 30, 2020		Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate		3.80%	18.55%	31.30%	58.24%	100.00%	
Gross carrying amount - trade receivables		9,623,450	8,124,303	1,229,354	608,501	11,539,340	31,124,948
Less: specific provisio		-	-	-	-	(5,850,000)	(5,850,000)
Carrying amount		9,623,450	8,124,303	1,229,354	608,501	5,689,340	25,274,948
Loss allowance		(1,751,462)	(412,424)	(384,788)	(354,391)	(2,302,233)	(5,205,298)
Net carrying amount	Rs.	7,871,988	7,711,879	844,566	254,110	3,387,107	20,069,650
At July 1, 2019		Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate		3.77%	8.29%	12.96%	56.38%	100.00%	
Gross carrying amount - trade receivables		9,616,424	7,266,193	290,953	142,200	12,410,723	29,726,493
Less: guaranteed receivables		-	-	-	-	(3,058,932)	(3,058,932)
Less: specific provisio		-	-	-	-	(5,850,000)	(5,850,000)
Carrying amount		9,616,424	7,266,193	290,953	142,200	3,501,791	20,817,561
Loss allowance	Rs.	(329,689)	(602,192)	(37,708)	(80,171)	(3,501,791)	(4,551,551)
THE COMPANY							
At June 30, 2020		Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate		3.98%	18.55%	31.30%	58.24%	100.00%	
Gross carrying amount - trade receivables		6,924,739	8,124,303	1,229,354	608,501	11,539,340	28,426,237
Less: specific provisio		-	-	-	-	(5,850,000)	(5,850,000)
Carrying amount		6,924,739	8,124,303	1,229,354	608,502	5,689,341	22,576,237
Loss allowance		(275,605)	(412,424)	(384,788)	(354,391)	(2,302,233)	(3,729,441)
Net carrying amount	Rs.	6,649,134	7,711,879	844,566	254,111	3,387,108	18,846,796

Notes to the Financial Statements

Year Ended June 30, 2020

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) Impairment of trade receivables (cont'd)

THE COMPANY (CONT'D)		Current	More than 1 day past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
At July 1, 2019							
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Expected loss rate		3.77%	8.29%	12.96%	56.38%	100.00%	
Gross carrying amount - trade receivables		8,745,078	7,266,193	290,953	142,200	10,934,866	27,379,290
Less: guaranteed receivables		-	-	-	-	(3,058,932)	(3,058,932)
Less: specific provisio		-	-	-	-	(5,850,000)	(5,850,000)
Net Carrying amount		8,745,078	7,266,193	290,953	142,200	2,025,934	18,470,358
Loss allowance	Rs.	(329,689)	(602,192)	(37,708)	(80,171)	(2,025,934)	(3,075,694)

The closing loss allowances for trade receivables as at June 30, 2019 reconcile to the opening loss allowances as follows:

	The Group		The Company	
	Trade Receivables		Trade Receivables	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At June 30 (IAS 39)	-	13,119,687	-	13,119,687
Amounts restated through opening retained earnings	-	-	-	-
Loss allowance as at July 1, (IFRS 9)	10,401,551	13,119,687	8,925,694	13,119,687
Loss allowance recognised in profit or loss during the year	653,747	1,475,857	653,747	-
Unused amounts reversed	-	(145,211)	-	(145,211)
Receivables written off during the year	-	(4,048,782)	-	(4,048,782)
At June 30	Rs. 11,055,298	10,401,551	9,579,441	8,925,694

In previous years, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables, the estimated impairment losses were recognised in a separate provision for impairment.

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Mauritian Rupee	8,574,433	15,663,608	8,574,433	15,663,608
US Dollar	7,991,654	2,789,988	7,991,654	2,789,988
Malagasy Ariary	3,503,563	871,346	2,280,709	-
Rs.	20,069,650	19,324,942	18,846,796	18,453,596

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

In previous years, trade receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of receivables.

Notes to the Financial Statements

Year Ended June 30, 2020

10. FINANCIAL ASSETS AT AMORTISED COST

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Receivable from related parties (note 29)	-	-	2,832,223	3,720,902
Other receivables (see note (a) below)	3,251,872	4,307,048	3,251,872	3,703,929
Rs.	3,251,872	4,307,048	6,084,095	7,424,831

(a) *Other receivables*

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

(b) *Fair values of financial assets at amortised cost*

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) *Impairment and risk exposure*

(i) Financial assets at amortised cost include loss allowance of Rs.6,919,986 as at June 30, 2020 (2019: Rs.19,805,940).

(ii) All of the financial assets at amortised cost are denominated in Mauritian rupee. As a result, there is no exposure to foreign currency risk.

(d) The financial assets at amortised cost were accounted for as receivables in the previous year.

11. STATED CAPITAL

	The Group and The Company			
	Number of shares	Ordinary shares	Share premium	Total
	2020 & 2019	2020 & 2019	2020 & 2019	2020 & 2019
	Rs.	Rs.	Rs.	Rs.
At July 1, 2019 and June 30, 2020	2,611,392	26,113,920	159	26,114,079

The total authorised number of ordinary share is 6,000,000 (2019: 6,000,000 shares) with a par value of Rs.10 per share (2019: Rs.10 per share). All issued shares are fully paid. The Company has one class of ordinary share and each share carries a right to vote and to dividend.

12. REVALUATION AND OTHER RESERVES

(a) **THE GROUP**

	Translation reserve	Revaluation surplus	Actuarial gains/(losses) reserve	Total
	Rs.	Rs.	Rs.	Rs.
At July 1, 2019	1,654,807	55,813,691	(9,415,487)	48,053,011
Remeasurement of defined benefit obligation	-	-	(3,262,787)	(3,262,787)
Deferred tax relating to components of other comprehensive income	-	-	489,418	489,418
Revaluation reserve - release to retained earnings	-	(1,715,186)	-	(1,715,186)
Currency translation differences	(1,946,480)	-	-	(1,946,480)
At June 30, 2020	(291,673)	54,098,505	(12,188,856)	41,617,976

Notes to the Financial Statements

Year Ended June 30, 2020

12. REVALUATION AND OTHER RESERVES (CONT'D)

(a) THE GROUP		Translation reserve	Revaluation surplus	Actuarial gains/(losses) reserve	Total
		Rs.	Rs.	Rs.	Rs.
At July 1, 2018		2,175,457	55,813,691	(7,641,149)	50,347,999
Remeasurement of defined benefit obligation		-	-	(2,087,456)	(2,087,456)
Deferred tax relating to components of other comprehensive income		-	-	313,118	313,118
Currency translation differences		(520,650)	-	-	(520,650)
At June 30, 2019		Rs. 1,654,807	55,813,691	(9,415,487)	48,053,011

(b) THE COMPANY		Revaluation surplus	Actuarial gains/(losses) reserve	Total
		Rs.	Rs.	Rs.
At July 1, 2019		55,813,691	(9,415,487)	46,398,204
Remeasurement of defined benefit obligation		-	(3,262,787)	(3,262,787)
Income tax relating to components of other comprehensive income		-	489,418	489,418
Revaluation reserve - release to retained earnings		(1,715,186)	-	(1,715,186)
At June 30, 2020		54,098,505	(12,188,856)	41,909,649
At July 1, 2018		55,813,691	(7,641,149)	48,172,542
Remeasurement of defined benefit obligation		-	(2,087,456)	(2,087,456)
Income tax relating to components of other comprehensive income		-	313,118	313,118
At June 30, 2019		Rs. 55,813,691	(9,415,487)	46,398,204

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign subsidiary.

Revaluation surplus

The revaluation surplus relates to the revaluation of property, plant and equipment.

Actuarial gains/(losses) reserve

The actuarial gains/(losses) reserve represents the cumulative remeasurement of defined benefit obligation recognise

13. DEFERRED INCOME TAXES

- (a) Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2019: 15%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statements of financial position

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities	25,631,082	26,373,900	25,631,082	26,373,900
Deferred tax assets	(2,036,210)	(1,458,589)	(2,036,210)	(1,458,589)
Net deferred tax liabilities	Rs. 23,594,872	24,915,311	23,594,872	24,915,311

At the end of the reporting date, the Company did not have any unused tax losses available for offset against future profits

Notes to the Financial Statements

Year Ended June 30, 2020

13. DEFERRED INCOME TAXES (CONT'D)

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

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At July 1,	24,915,311	24,998,158	24,915,311	24,998,158
Charged/(credited) to profit or loss (note 16(b))	(831,021)	230,271	(831,021)	230,271
Charged to other comprehensive income	(489,418)	(313,118)	(489,418)	(313,118)
At June 30,	Rs. 23,594,872	24,915,311	23,594,872	24,915,311

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

(i) Deferred tax liabilities

	The Group and The Company		
	Accelerated tax depreciation	Revaluation of assets	Total
	Rs.	Rs.	Rs.
At June 30, 2018	20,932,535	5,514,324	26,446,859
Credited to profit or loss	(72,959)	-	(72,959)
At June 30, 2019	20,859,576	5,514,324	26,373,900
Credited to profit or loss	(742,818)	-	(742,818)
At June 30, 2020	Rs. 20,116,758	5,514,324	25,631,082

(ii) Deferred tax assets

	The Group and The Company		
	Retirement benefi obligations	Tax losses	Total
	Rs.	Rs.	Rs.
At June 30, 2018	(1,065,199)	(383,502)	(1,448,701)
Credited to profit or loss	(80,272)	383,502	303,230
Charged to other comprehensive income	(313,118)	-	(313,118)
At June 30, 2019	Rs. (1,458,589)	-	(1,458,589)
(Credited)/charged to profit or loss	(88,203)	-	(88,203)
Credited to other comprehensive income	(489,418)	-	(489,418)
At June 30, 2020	Rs. (2,036,210)	-	(2,036,210)

Notes to the Financial Statements

Year Ended June 30, 2020

14. RETIREMENT BENEFIT OBLIGATIONS

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Amounts recognised in the statements of financial position				
- Pension benefit	Rs. 13,574,736	9,723,928	13,574,736	9,723,928
Amounts charged to profit or loss				
- Pension benefits	Rs. 588,021	535,148	588,021	535,148
Amounts charged to other comprehensive income:				
- Pension benefits	Rs. (3,262,787)	(2,087,456)	(3,262,787)	(2,087,456)

Pension benefit

- (i) The Group operates a defined benefit pension plan. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for 5 years. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement

The assets of the fund are invested in the Deposit Administration Policy underwritten by Swan Life Ltd.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at June 30, 2020 by Swan Life Ltd (Actuarial Valuer). The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Unit Credit Method.

- (ii) The amounts recognised in the statements of financial position are as follows

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Present value of funded obligations	29,200,145	24,547,399	29,200,145	24,547,399
Fair value of plan assets	(15,625,409)	(14,823,471)	(15,625,409)	(14,823,471)
Liability in the statements of financial position	Rs. 13,574,736	9,723,928	13,574,736	9,723,928

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follow

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At July 1,	(9,723,928)	(7,101,324)	(9,723,928)	(7,101,324)
Charged to profit or loss	(588,021)	(535,148)	(588,021)	(535,148)
Charged to other comprehensive income	(3,262,787)	(2,087,456)	(3,262,787)	(2,087,456)
At June 30,	Rs. (13,574,736)	(9,723,928)	(13,574,736)	(9,723,928)

Notes to the Financial Statements

Year Ended June 30, 2020

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension benefits (cont'd)

(iii) The movement in the net defined benefit obligations over the year is as follow

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At July 1,	24,547,399	21,339,595	24,547,399	21,339,595
Interest cost	871,571	1,074,613	871,571	1,074,613
Current service cost	200,111	143,843	200,111	143,843
Benefits pai	-	-	-	-
Actuarial (gains)/losses	3,581,064	1,989,348	3,581,064	1,989,348
At June 30,	Rs. 29,200,145	24,547,399	29,200,145	24,547,399

(iv) The movement in the fair value of plan assets of the year is as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At July 1,	14,823,471	14,238,271	14,823,471	14,238,271
Expected return on plan assets	503,661	703,307	503,661	703,307
Scheme expenses	(20,000)	(20,000)	(20,000)	(20,000)
Actuarial (losses)/gains	318,277	(98,107)	318,277	(98,107)
At June 30,	Rs. 15,625,409	14,823,471	15,625,409	14,823,471

(v) The amounts recognised in profit or loss are as follows

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Current service cost	220,111	163,843	220,111	163,843
Net interest cost	367,910	371,305	367,910	371,305
Total included in employee benefit expense (Note 24(a))	Rs. 588,021	535,148	588,021	535,148
Actual return on plan assets	Rs. 821,938	605,200	821,938	605,200

Notes to the Financial Statements

Year Ended June 30, 2020

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension benefits (cont'd)

(vi) The amounts recognised in other comprehensive income are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Experience (losses)/gains on the liabilities	(330,551)	(1,989,349)	(330,551)	(1,989,349)
(Losses)/gains on pension scheme assets	318,277	(98,107)	318,277	(98,107)
Changes in assumptions	(3,250,513)	-	(3,250,513)	-
Total in other comprehensive income	(3,262,787)	(2,087,456)	(3,262,787)	(2,087,456)

(vii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	The Group		The Company	
	2020	2019	2020	2019
Discount rate	3.80%	5.80%	3.80%	5.80%
Future long-term salary increase	3.00%	4.50%	3.00%	4.50%

(viii) Sensitivity analysis on defined benefit obligations at end of the reporting date

	The Group and The Company		The Group and The Company	
	2020		2019	
	Increase Rs.	Decrease Rs.	Increase Rs.	Decrease Rs.
Discount rate (1% movement)	510,763	620,001	1,323,047	1,184,692
Future long-term salary increase (1% movement)	618,687	518,937	64,267	473,585

The sensitivity above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the key assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (ix) The defined benefit pension plan exposes the Group to actuarial risks such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- (x) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.
- (xi) No contribution is expected to be made by the Group and the Company to post-employment benefit plans for the year ending June 30, 2020.
- (xii) The weighted average duration of the defined benefit obligation is 16 years for the Group and the Company.

Notes to the Financial Statements

Year Ended June 30, 2020

15. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Trade payables	9,771,050	6,800,250	5,149,939	6,462,041
Deposits from customers	29,492,114	29,427,829	29,492,114	29,427,829
Accrued expenses	14,135,412	6,978,560	14,867,525	6,978,560
Amount due to related parties (note 29)	101,439	5,579,717	101,439	5,579,717
Other payables	-	3,409,894	-	2,320,525
Rs.	53,500,015	52,196,250	49,611,017	50,768,672

The carrying amounts of trade and other payables approximate their fair values.

16. INCOME TAX EXPENSE

(a) Amounts shown in statements of financial position are as follows

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
At July 1,	575,683	-	575,683	-
Tax paid	(337,763)	-	(337,763)	-
TDS deducted	(241,132)	-	(241,132)	-
Underprovision in prior year	3,212	-	3,212	-
APS and CSR paid	(482,265)	-	(482,265)	-
Current tax on the adjusted profit for the year at 15% (2019: 15%)	675,225	575,683	635,981	575,683
Covid 19 levy	735,107	-	735,107	-
CSR	64,128	-	64,128	-
At June 30,	Rs. 992,195	575,683	952,951	575,683

(b) Current tax on the adjusted profit for the year at 15% (2019: 15%)
Deferred tax (note 13(b))
Tax charge/(credit)

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Current tax on the adjusted profit for the year at 15% (2019: 15%)	1,520,397	575,683	1,438,428	575,683
Deferred tax (note 13(b))	(831,021)	230,271	(831,021)	230,271
Rs.	689,376	805,954	607,407	805,954

Notes to the Financial Statements

Year Ended June 30, 2020

16. INCOME TAX EXPENSE (CONT'D)

(c) Tax reconciliation

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

	The Group		The Company	
	2020	2019	2020	2019
Loss before taxation	(1,994,800)	(673,592)	(1,226,565)	(6,896,569)
Tax calculated at effective rate of 13% (2019: 15%)	(259,324)	(101,039)	(159,175)	(1,034,485)
Income not subject to tax	(978,561)	(123,107)	(978,562)	(123,107)
Expenses not deductible for tax purposes	2,062,687	1,202,142	1,773,718	2,135,588
Minimum tax	81,986	-	-	-
Tax differential	(188,838)	-	-	-
Excess of capital allowance over depreciation	-	(17,453)	-	(17,453)
Utilisation of tax losses	-	(384,860)	-	(384,860)
Underprovision in prior year	3,212	-	3,212	-
Covid 19 levy	735,107	-	735,107	-
CSR	64,128	-	64,128	-
Deferred tax	(831,021)	230,271	(831,021)	230,271
Tax charge/(credit)	689,376	805,954	607,407	805,954

17. BORROWINGS

	The Group		The Company	
	2020	2019	2020	2019
Current	Rs.	Rs.	Rs.	Rs.
Bank overdrafts	-	548,137	-	548,137
Bank borrowings	5,037,500	7,538,049	5,037,500	7,538,049
Total borrowings	5,037,500	8,086,186	5,037,500	8,086,186

(a) The borrowings are secured by floating charges on the assets of the Group including property, plant and equipment. The rate of interest on those borrowings are 4.60% for bank overdraft and 4.30% for bank borrowings.

(b) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

(i) THE GROUP		6 months or less	6-12 months	1-5 years	Over 5 years	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
	At June 30, 2020	Rs. 5,037,500	-	-	-	5,037,500
	At June 30, 2019	Rs. 8,086,186	-	-	-	8,086,186

(ii) THE COMPANY		6 months or less	6-12 months	1-5 years	Over 5 years	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
	At June 30, 2020	Rs. 5,037,500	-	-	-	5,037,500
	At June 30, 2019	Rs. 8,086,186	-	-	-	8,086,186

(c) The borrowings are denominated in Mauritian Rupees and the carrying amounts are not materially different from their fair values.

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18. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Sales of goods	122,389,655	104,956,012	117,492,469	103,522,051
Sales of services	464,463	491,856	443,878	491,856
Rental income	3,771,944	4,207,673	3,771,944	4,207,673
	Rs. 126,626,062	109,655,541	121,708,291	108,221,580

The Company is engaged in the manufacture and distribution of medical and industrial gases (in bulk and in cylinders) and of welding electrodes. The Company also provides welding and cutting equipment and accessories as well as installation of gas reticulation and earns revenue.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by lines and timing of revenue recognition and type of contract and sales channels.

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Timing of revenue recognition:				
At a point in time	126,626,062	109,655,541	121,708,291	108,221,580
Over time	-	-	-	-
	Rs. 126,626,062	109,655,541	121,708,291	108,221,580

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Contract duration				
Short term contract	126,626,062	109,655,541	121,708,291	108,221,580
Long term contract	-	-	-	-
	Rs. 126,626,062	109,655,541	121,708,291	108,221,580
Sales Channels				
Directly to customers	126,626,062	109,655,541	121,708,291	108,221,580
Through intermediaries	-	-	-	-
	Rs. 126,626,062	109,655,541	121,708,291	108,221,580

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a party. The Company recognises revenue when it transfers control over a service to a party.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies

Type of Service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Trading Services	The income is received as per contractual terms	Revenue is recognised over the time when service is rendered to the clients.

Notes to the Financial Statements

Year Ended June 30, 2020

19. EXPENSES BY NATURE

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Employee benefit expense (note 24(a))	30,769,427	31,285,105	29,566,768	29,998,306
Raw materials and consumables used	52,168,348	35,696,054	52,467,381	34,563,845
Depreciation of property, plant and equipment	10,460,259	10,377,432	9,974,095	10,247,096
Amortisation of intangible assets	189,365	525,912	189,365	525,912
Professional fees	13,073,823	13,095,638	10,804,352	10,902,246
Repairs & maintenance	6,702,126	4,081,169	6,684,419	4,079,298
Motor vehicle running expenses	4,038,206	4,171,737	4,038,206	4,171,737
Electricity	6,184,008	5,795,263	6,168,084	5,773,266
Advertising costs	1,292,783	385,177	1,292,783	385,177
Provision for bad debts	1,559,019	1,475,857	1,559,019	-
Reversal of provision for bad debts	(372,632)	(145,211)	(372,632)	(145,211)
Provision for stock obsolescence	322,613	274,947	322,613	274,947
Other expenses	6,508,987	5,324,472	4,514,807	4,244,855
Rs.	132,896,332	112,343,552	127,209,260	105,021,474

Other expenses comprise of miscellaneous expenses incurred during the year.

20. OTHER INCOME

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Profit on disposal of property, plant and equipment	149,479	564,859	149,479	564,859
Sundry income	2,224,802	598,266	2,213,113	598,266
Rs.	2,374,281	1,163,125	2,362,592	1,163,125

21. FINANCE INCOME

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Net foreign transactions gains	854,947	949,529	865,570	949,529
Interest income	-	340	-	340
Interest expense on other loan not repayable by instalments	(192,025)	(77,091)	(192,025)	(77,091)
Rs.	662,922	872,778	673,545	872,778

Notes to the Financial Statements

Year Ended June 30, 2020

22. INTEREST IN JOINT VENTURE

	The Group		The Company	
	2020	2019	2020	2019
At July 1,	Rs. (79,589)	Rs. (58,105)	Rs. (79,589)	Rs. (58,105)
Share of profit/(loss)	43,861	(21,484)	43,861	(21,484)
At June 30,	Rs. (35,728)	Rs. (79,589)	Rs. (35,728)	Rs. (79,589)

The Group has an interest in a joint venture, Medical Gases JV. The joint venture is incorporated and operates in Mauritius. The main activity of the joint venture is to supply medical gases (liquid oxygen, nitrous oxide and compressed air) to the Ministry of Health and Quality of Life during the period April 01, 2018 to March 31, 2020. Thereafter, the contract was extended to 30 June 2020.

According to the joint venture agreement, revenue for the goods provided is being split and attributed to each party according to the goods supplied by them to Medical Gases JV. Assets and liabilities are split in the proportion of sales revenue whilst all expenses are being shared equally.

Medical Gases JV is a private company and there is no quoted market price for its shares.

The above joint venture is accounted for using the equity method.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements

(i) Summarised statement of financial position of Medical Gases J :

	The Group		The Company	
	2020	2019	2020	2019
Current assets	Rs. 13,441,859	Rs. 12,334,956	Rs. 13,441,859	Rs. 12,334,956
Current liabilities	Rs. 13,437,162	Rs. 12,417,981	Rs. 13,437,162	Rs. 12,417,981
The above amounts of assets and liabilities include the following:				
Cash and cash equivalents	Rs. 763,571	Rs. 115,987	Rs. 763,571	Rs. 115,987

(ii) Summarised statement of profit or loss of Medical Gases J :

	The Group		The Company	
	2020	2019	2020	2019
Revenue	Rs. 32,321,790	Rs. 31,048,478	Rs. 32,321,790	Rs. 31,048,478
Profit/(loss) for the year	Rs. 87,721	Rs. (29,949)	Rs. 87,721	Rs. (29,949)

The Group does not have any commitments and contingent liabilities relating to its joint venture.

Notes to the Financial Statements

Year Ended June 30, 2020

23. EXCEPTIONAL ITEMS

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Impairment of investment in subsidiary	-	-	-	3,998,975
Impairment of receivable from subsidiary	-	-	-	8,112,119
Profit on disposal of land (compulsory acquisition by Government of Mauritius)	(1,194,406)	-	(1,194,406)	-
Rs.	(1,194,406)	-	(1,194,406)	12,111,094

24. LOSS BEFORE TAXATION

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Loss before taxation is arrived at after: crediting:				
Profit on disposal of property, plant and equipment (Note 20 and 23)	1,343,885	564,859	1,343,885	564,859
and charging:				
Depreciation on property, plant and equipment	10,460,259	10,377,432	9,974,095	10,247,096
Amortisation of intangible assets	189,365	525,912	189,365	525,912
Cost of inventories recognised as expense	52,168,348	35,696,054	52,467,381	34,563,845
Employee benefit expense (note (a) below)	30,769,427	31,285,105	29,566,768	29,998,306
Rs.	30,769,427	31,285,105	29,566,768	29,998,306

(a) Employee benefit expenses

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Wages and salaries	27,876,251	27,741,746	26,673,592	26,454,947
Social security costs	1,123,730	1,097,889	1,123,730	1,097,889
Pension costs - defined contributions plan	1,181,425	1,910,322	1,181,425	1,910,322
Pension costs - defined benefit plans (note 14(v))	588,021	535,148	588,021	535,148
Rs.	30,769,427	31,285,105	29,566,768	29,998,306

25. LOSS PER SHARE

	The Group	
	2020	2019
Loss attributable to ordinary shareholders	Rs. (2,684,176)	(1,479,546)
Number of ordinary shares in issue	2,611,392	2,611,392
Loss per share	Rs. (1.03)	(0.57)

Notes to the Financial Statements

Year Ended June 30, 2020

26. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

Paid and distributed during the year - Rs 1.20 per share (2019: Nil)

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Rs.	3,133,670	-	3,133,670	-

27. NOTES TO THE STATEMENTS OF CASH FLOWS

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
(a) Cash generated from operations				
Loss before taxation	(1,994,800)	(673,592)	(1,226,566)	(6,896,569)
Adjustments for:				
Depreciation of property, plant and equipment	10,460,259	10,377,432	9,974,095	10,247,096
Amortisation of intangible assets	189,365	525,912	189,365	525,912
Impairment of investment in subsidiary	-	-	-	3,998,975
Interest income	-	(340)	-	(340)
Interest expense	192,025	77,091	192,025	77,091
Profit on disposal of property, plant and equipment	(1,343,885)	(564,859)	(1,343,885)	(564,859)
Amount receivables converted into investment	-	-	-	(7,627,838)
Impairment of receivables	11,055,298	-	16,499,427	-
Provision for bad debts	-	-	-	-
Retirement benefit obligation	588,021	535,148	588,021	535,148
	19,146,283	10,276,792	24,872,482	294,616
Changes in working capital:				
Inventories	(4,842,029)	(2,160,288)	(4,361,840)	(1,304,578)
Trade and other receivables	(11,800,006)	8,095,795	(16,892,627)	13,434,559
Financial assets at amortised cost	1,055,176	(4,307,048)	1,340,736	(7,424,831)
Prepayments	9,037,582	(9,978,777)	9,007,908	(9,949,103)
Trade and other payables	1,303,761	6,989,835	(1,157,656)	6,895,983
Cash generated from operations	Rs. 13,900,767	8,916,309	12,809,003	1,946,646

(b) Cash and cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Cash in hand and at bank	22,021,553	16,959,241	20,299,116	14,105,313
Bank overdrafts (Note 17)	-	(548,137)	-	(548,137)
Cash and cash equivalents	Rs. 22,021,553	16,411,104	20,299,116	13,557,176

Notes to the Financial Statements

Year Ended June 30, 2020

27. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(c) Reconciliation of liabilities arising from financing activities

	2019	Cash Flows	2020
	Rs.	Rs.	Rs.
Short term borrowings	7,538,049	(2,500,549)	5,037,500
Total liabilities from financing activities	Rs. 7,538,049	(2,500,549)	5,037,500

28. SEGMENT INFORMATION

(a) The Group is engaged in the manufacture and distribution of medical and industrial gases (in bulk and in cylinders). The Company also provides welding and cutting equipment and accessories as well as gas reticulation. The Board of Directors considers the business as a single reportable segment.

The internal reporting provided to the Chief Executive Officer for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles under IFRS.

Revenue has been analysed in Note 18.

There were no changes in the reportable segment during the year.

(b) Geographical information

	Revenues from external customers		Non-current assets	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Local	108,799,852	94,873,049	239,968,371	249,860,397
Foreign	17,826,210	14,782,492	-	-
Rs.	126,626,062	109,655,541	239,968,371	249,860,397

29. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Technical fees	Sales of goods and services	Purchase of goods	Dividends paid	Amount owed by related parties	Amount owed to related parties
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<u>Trading transactions</u>						
Year ended June 30, 2020						
Major shareholder	388,472	-	-	1,197,622	-	101,439
Joint Venture	-	24,665,672	-	-	4,857,568	-
Rs.	388,472	24,665,672	-	1,197,622	4,857,568	101,439
<u>Trading transactions</u>						
Year ended June 30, 2019						
Major shareholder	563,487	-	4,363,589	-	-	5,579,717
Joint Venture	-	23,368,828	-	-	4,483,632	-
Rs.	563,487	23,368,828	4,363,589	-	4,483,632	5,579,717

Notes to the Financial Statements

Year Ended June 30, 2020

29. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY	Technical fees	Sales of goods and services	Purchase of goods	Dividends paid	Amount owed by related parties	Amount owed to related parties
<u>Trading transactions</u>	Rs.	Rs.	Rs.	Rs.	Rs	Rs.
Year ended June 30, 2020						
Major shareholder	388,472	-	-	1,197,622	-	101,439
Subsidiary	-	3,333,738	-	-	2,832,223	-
Joint Venture	-	24,665,672	-	-	4,857,568	-
Rs.	388,472	27,999,410	-	1,197,622	7,689,791	101,439
<u>Trading transactions</u>						
Year ended June 30, 2019						
Major shareholder	563,487	-	4,363,589	-	-	5,579,717
Subsidiary	-	10,763,439	-	-	3,720,902	-
Joint Venture	-	23,368,828	-	-	4,483,632	-
Rs.	563,487	34,132,267	4,363,589	-	8,204,534	5,579,717

- (c) (i) The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.
- (ii) The major shareholder is African Oxygen Limited.
- (iii) Technical fees payable are in accordance with the substance of the relevant agreements.
- (iv) Provision made for doubtful debts in respect of amounts owed by related parties amounts to Rs. 6,919,986 (2019: Rs.19,805,940).

(d) Key management personnel compensation

	The Group		The Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Short-term employee benefit	9,893,993	10,590,127	9,893,993	10,590,127
Termination benefit	700,000	-	700,000	-
Post-employment benefit	634,202	641,453	634,202	641,453
Rs.	11,228,195	11,231,580	11,228,195	11,231,580

Notes to the Financial Statements

Year Ended June 30, 2020



30. CONTINGENT LIABILITIES

Competition commission claims

Les Gaz Industriels Limited was informed by the Competition Commission of Mauritius that a complaint has been received by the said Commission to the effect that Medical Gases JV, a duly registered joint venture, formed by the Company and Gaz Carbonique Ltd with the sole purpose of bidding for government medical tenders, were involved in a collusive agreement by fixing the prices of medical gases

Therefore, an investigation has been launched in order to establish whether there was any breach of the Competition Act 2007, and if found guilty, a financial penalty of the Company's turnover could be imposed.

The directors are confident about the outcome of the investigation will be in favour of the Company and hence no provision shall be made in the financial statements in respect of any potential claims from the said Commission

31. MAJOR EVENTS ARISING DURING THE YEAR - COVID 19

Most countries around the world have suffered and continue to suffer outbreaks of COVID-19 and are likely to suffer continued increases in recorded cases. The COVID-19 outbreak has seen a sudden and rapid decline in global economic growth.

During the first half of 2020, we have seen extreme volatility and limited liquidity in securities markets with many markets subject to governmental intervention. Certain Governments have imposed restrictions on the manufacture of goods and the provision of services in addition to the free movement of persons. This has had a material impact on the activities of businesses, their profitability and their ability to generate positive cash flow. In such market conditions there is a much higher risk of credit defaults and bankruptcies.

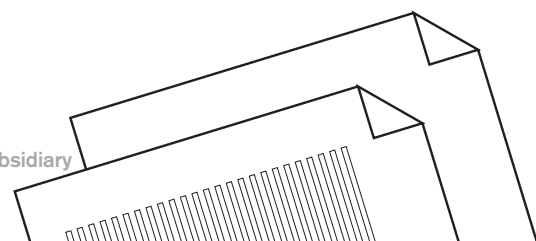
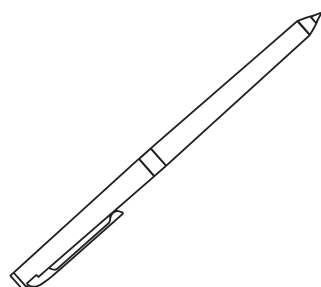
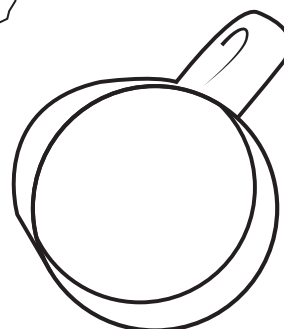
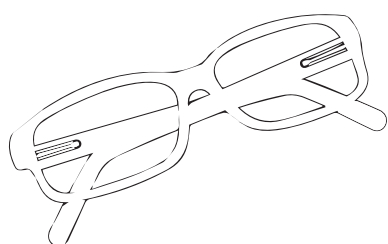
Much of the developed world appeared to have the virus under some sort of control at the end of June 2020; however from an overall global perspective, the threat still remains. Reminders of this are evident from localised outbreaks in countries even where the original threat had been brought under control. As a result, it is still too soon to say when a sustained recovery will come or whether that recovery will be faster or slower than normal, as much will depend on how quickly individual countries are able to keep the virus under control and their ability to continue to reopen and then remain open for business.

The possibility remains that with a further severe decline in economic activity and reintroduction of restrictions, of disruption of electricity, other public utilities or network services, as well as system failures at facilities or otherwise affecting businesses, the performance of the Company could be adversely affected. COVID-19 has resulted in adjusted working practices, work remotely for prolonged periods of time or to be potentially absent from work due to illness as a result of the disease which may adversely impact the day to day operations of the Company. The directors continue to monitor the impact of the COVID-19 on the Company's activities.

32. EVENT AFTER THE REPORTING PERIOD

Except for the continuous monitoring of the impact of the COVID-19 disclosed in the above note, there has been no other material event after the reporting date that requires disclosure and amendment to the financial statements

Partnership Is The Key





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